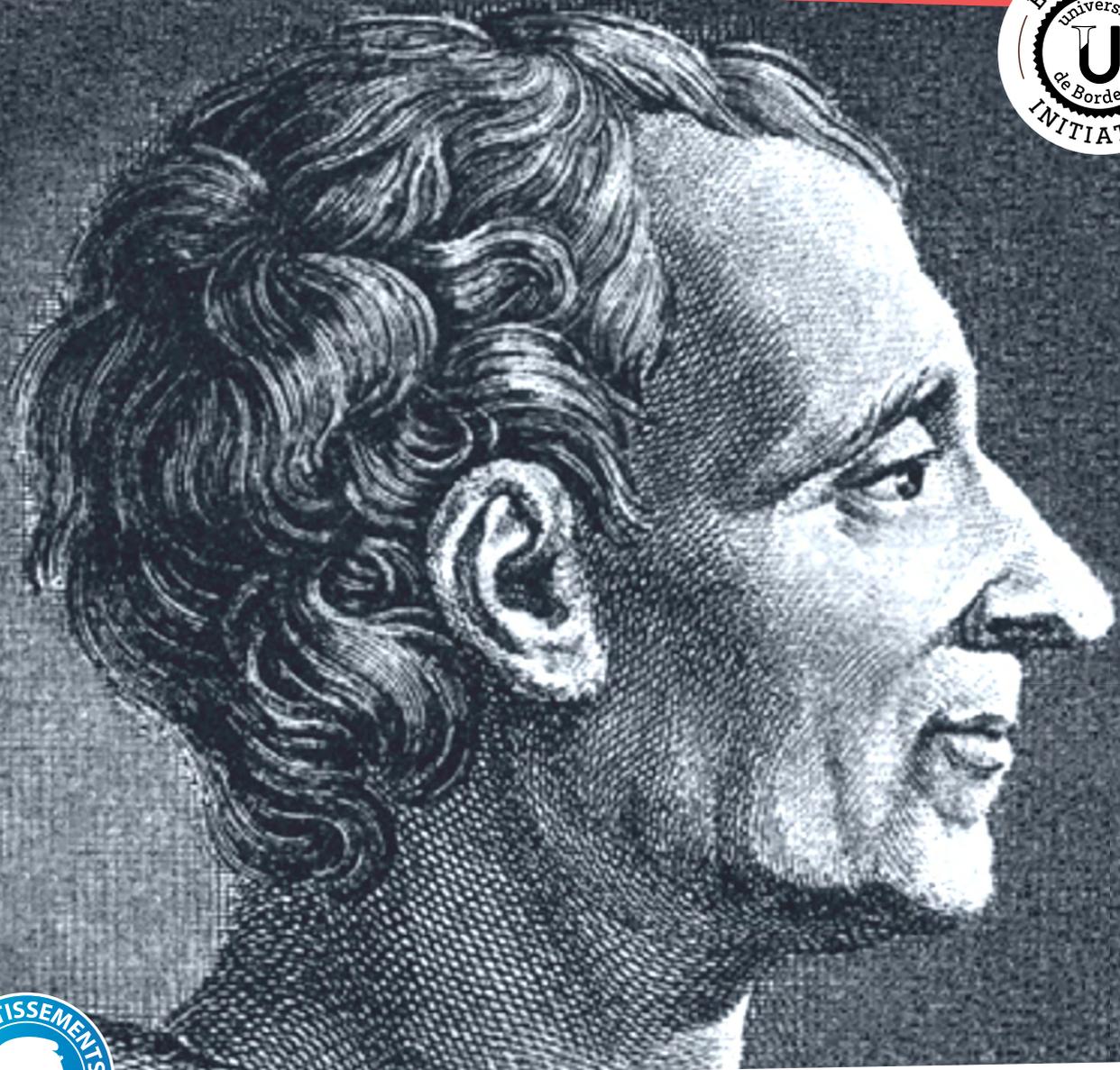


Issue | March
No. 5 | 2017

Montesquieu Law Review

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Philippe Mozas



Program supported by the ANR
n°ANR-10-IDEX-03-02

FORUM
MONTESQUIEU
Faculté de droit et science politique

université
de **BORDEAUX**

Intellectual Property Law:

The new French law on geographical indications

Philippe Mozas, Associate Professor, University of Bordeaux

Under French law, intellectual property consists of literary and artistic property and industrial property.

Until recently, industrial property rights included rights to distinctive signs (trademarks, trade names or service trademarks) and those to industrial designs (patents, plant variety rights, rights to topographies of semi-conductor products or to design rights and industrial models filed).

Geographical indications and designations of origin were considered to be on the fringes of industrial property because they constitute collective distinctive signs that were not defended by the infringement action that characterizes the complete industrial property rights. Also, the interest of subject matter experts is mainly focused on conflicts between trademarks and geographical indications or appellations of origin. Moreover, as these collective marks applied to food products, their study was rather rural law courses spring or, more specifically, right of the vine and wine.

Since 2014, this situation has changed. Now, next to the trademark (Title 1 of Book 7 of the Intellectual Property Code), there is another set of distinctive signs: geographical indications (Title 2 of Book 7 of the Code).

As provided at Article L. 722-1 of the Intellectual Property Code, the concept of geographical indication now includes:

- designations of origin (*appellations d'origine*, or AO – Article L. 431-1 of the Consumer Code) that can become registered designations of origin (*appellations d'origine contrôlées* or AOC – Article L. 641-5 of the Rural and Maritime Fishing Code);
- geographical indications, which protect industrial and artisanal products (*indications géographiques de produits industriels et artisanaux* or IGPIA – Article L. 721-2 of the Intellectual Property Code);
- protected designations of origin and protected geographical indications (PDO and PGI: EU Regulation No. 1151/2012 of the European Parliament and of the Council of 21 November 2012, EU Regulation No. 1308/2013 of the European Parliament and of the Council of 17 December 2013, EU Regulation No. 251/2014 of the European Parliament and of the Council of 26 February 2014, and EC Regulation No 110/2008 of the European Parliament and of the Council of 15 January 2008).

The reasons for these reforms are clear.

France has many *terroirs* which lend the products produced in each their remarkable features. This gives them a crucial competitive advantage in these times of market globalisation. However,

trademark law is not really adapted to protecting such products. A brand is an individual sign, while a geographical indication is a collective sign. In addition, the use of AOC, PDO, PGI and IGPIA is subject to regular strict monitoring to ensure that product specifications remain in compliance. This significantly enhances their nature as signs of quality.

Admittedly, France has protected her wine products with designations of origin since 1935 and this protection was extended to food products as a whole (processed or otherwise) in 1990.

There is, however, no protection for manufactured goods. The *Laguiole* case highlighted the need for this protection. A person was able to file the name as a trademark in order to sell poor-quality knives from China.

Moreover, given the scale of fraudulent use or attempts to capture the reputation of such distinctive signs, it seems imperative to grant them greater protection, worthy of genuine industrial property rights.

The reforms have focused on two points. First, the creation of IGPIAs by Law n° 2014-344 of 17 March 2014 on consumption. It should be noted that, in 2015, members of the European Parliament expressed strong support for the protection of non-agricultural products by a European geographical indication.

Second, strengthening the protection of all geographical indications by mapping it on trademark protection (infringement action, customs retention, etc.) by Law n°2014-315 of 11 March 2014 strengthening the fight against counterfeiting.

Finally, as regards form, mention must be made of Ordinance 2016-301 of 14 March 2016 on the legislative part of the Consumer Code, which reorganises the code, including the renumbering of the articles relating to designations of origin without, for all that, making substantial amendments.

It should be noted that the French legislature has not changed the conditions of protection of appellations of origin, regardless of whether these are controlled/restricted.

We will first examine the creation of a new protection (I), before turning to the strengthening of the existing protection (II).

I. The creation of a new protection

Law n°2014-344 of 17 March 2014 on public consumption creates GIs protecting industrial and artisanal products (IGPIA). These are now Articles L. 721-2 to L. 721-10 of the Intellectual Property Code, which set down the rules for IGPIAs.

According to Article L. 721-2 of the code: *"Shall constitute a geographical indication the name of a geographical area or a specific place used to describe a product, other than agricultural, forestry, food or sea, which is native and has a specific quality, reputation or other characteristics that are essentially attributable to its geographical origin [...]"*. This definition is consistent with Article 22 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (Annex 1C to the Agreement Establishing the WTO 1994).

The substantive conditions for protection are based on two essential points. Firstly, an IGPIA cannot protect food products (even transformed) but for the latter there is the AO, AOC, PDO and PGI. Next, the product's connection with a geographical area must be characterised (product characteristics must be attributed to the geographical origin).

For example, the following could benefit from this protection: Limoges porcelain; Quimper pottery; Le Thiers knives; Calais lace.

The Law was supplemented by two decrees:

- Decree 2015-595 of 2 June 2015 on IGPIAs, which provides the framework for the filing and review of the specifications of the license application;
- Decree 2016-280 of 8 March 2016 on IGPIAs, which regulates the modalities for their control.

This protection is similar to trademark law in terms of issuance procedures (1), but it is still closer to the AOC in terms of the role of the management body and control of the IGPIA (2), and in terms of the scope of the protection (3).

1. The procedure for issuing the certificate

This procedure is governed by Articles L. 721-3, L. 721-7, R. 721-1 to R. 721-8 of the Intellectual Property Code.

An application must be filed electronically with the *Institut nationale de la propriété industrielle* (INPI – National Industrial Property Institute). This application is submitted by an organisation for the defence and management of the GI, which represents producers in the area covered by the GI (a). It is dealt with by the INPI (b).

a. The content of the application

Obviously the usual information must be provided for this kind of application, namely: a request for approval; postal and electronic contact information for the management organisation; the identity of its representative; the information needed to assess the representativeness of the producers within the management organisation; and proof of payment of the application fee (currently 350 euros).

However, the product specifications are central to the application.

First, the name of the IGPIA must be stated. In this regard, note that Article L. 713-6 paragraph c) of the Intellectual Property Code allows applicants to choose a name similar or identical to a trademark unless that trademark, owing to its fame, reputation and the duration of its use, constitutes the exclusive origins of the reputation or knowledge of the product on the part of the general public. This possibility is, however, not without its restrictions, since the same text states: *"[h]owever, if such use infringes their rights, the holder of the registration may require that it be restricted or prohibited"*.

Secondly, the product concerned must be indicated; its geographical area; the name and articles of association of the management body; the list of initial operators and financial arrangements for their participation; and the projected funding for the management body.

The term “operator” is any person or entity participating in the production or processing of the product covered by the IGPIA, in accordance with the product specifications.

Thirdly, details of the product characteristics that can be attributed to that area must be provided. This may include quality, reputation or traditional craftsmanship. The process of development, production and processing must be described, specifying also the operations to be performed in the area and those that guarantee the product’s characteristics.

Last but not least, the specific aspects of labelling and the potential social and environmental commitments made by operators must be stated.

The final component of the application concerns information on the monitoring of and penalties applicable to operators.

The dossier constituting the application therefore appoints an oversight body for operators. It specifies the frequency, the oversight procedures and funding. To ensure compliance with specifications, reporting or recordkeeping obligations incumbent on operators must be set, together with formal procedures for the notification and exclusion of operators not complying with the product specifications.

b. Processing the application

The INPI publishes the license application in the *Bulletin officiel de la propriété industrielle* (BOPI – Official Bulletin of Industrial Property) in the month following the notification of the filing of a complete application.

The INPI verifies the content of the product specifications. Accordingly, it ensures that the production and processing operations and the identification of the geographical area guarantee that the products have at least one feature which can be mainly attributed to the area.

The INPI must consult local authorities, professional groups concerned, accredited consumer associations, the director of the *Institut national de l’origine et de la qualité* (INOQ – National Institute for Origin and Quality) when the name of the IGPIA may cause confusion with a PDO or PGI. These organisations are deemed to have given a positive opinion in the absence of any response within two months of receiving a referral.

The INPI conducts a public inquiry. In order to do this, notice is published on the websites of the INPI, the BOPI and the *Journal officiel de la République française* (Official Journal of the French Republic). The product specifications are available on the INPI website. The inquiry closes two months after publication in the Official Journal. Any person may submit comments during that two-month period.

The INPI then drafts a summary of its inquiry and consultations, which summary is sent to the applicant, together with the INPI’s comments and recommendations within two months following the end of the consultation process.

The applicant then has two months in which to submit comments. They may also state their intention to amend the product specifications, which may require further consultation and a new inquiry confined to the amended elements.

The summary is published on the INPI website from the end of that two-month period.

Finally, within a further two months from the end of that same period, the INPI decision shall be communicated to the relevant parties.

2. The *organisation de défense et de gestion* (ODG – defence and management organisation)

Article L. 721-4 of the Intellectual Property Code provides that the defence and management of a product with an IGPIA are provided by a defence and management organisation. The nature and especially the role of such an organisation will be examined here.

a. The nature of the ODG

This is a private entity with legal personality. The same body may defend and manage of several products covered by the same IGPIA.

The rules governing the composition and operation of the ODG must ensure the representativeness of the operators. An operator who so requests is a full member of the ODG. Conversely, an operator cannot claim an IGPIA if they are not a member of the ODG.

b. The role of the ODG

As its name suggests, the ODG is tasked with the management and defence of a given IGPIA.

As regards its management role, it elaborates product specifications and submits them for approval to the INPI. Naturally, it also submits any proposed changes.

Next, it maintains the list of operators and submits it to the INPI, which publishes it in the BOPI. In this context, it must ensure the representativeness of its operators.

The ODG also has a role monitoring operators. Thus, it must verify that inspections of operators are conducted by compliance assessment bodies in accordance with the product specifications. It submits the results to the INPI, and corrective measures are taken where necessary. Note that these compliance assessment bodies are inspection or certification bodies accredited by the *Instance nationale d'accréditation* (National Authority for Accreditation) or another EU Member State party to the European Co-operation for Accreditation (Article L . 721-9 of the Intellectual Property Code). The operator who does not comply with the product specifications will be excluded by the ODG if, once notice has been given, the operator does not take the recommended corrective measures within a period which cannot be less than one month.

After notice is given to the ODG, the INPI will withdraw approval of the product specifications if these checks are not carried out or if corrective measures are not implemented.

Lastly and more generally, the INPI contributes to the preservation and enhancement of the region, local traditions, craftsmanship and products made there. It also compiles statistics for the sector.

Regarding its role in defending an IGPIA, the ODG may bring actions to end acts that disregard the protection granted to it and, in particular, it may bring actions for infringement (see Part II below).

3. The scope of protection

Article L. 721–8 of the Intellectual Property Code stipulates those acts against which IGPIAs are protected. Accordingly, it is acts forbidden to third parties, i.e. to all those who are not in the list of operators submitted to the INPI by the ODG. Such acts may constitute acts of infringement under the conditions specified in Article L. 722–1 of the Intellectual Property Code (see below, Part II).

The direct or indirect commercial use of a name designating the IGPIA is prohibited for products that are comparable to those covered by the registration. Even if it does not concern comparable products, such use is also prohibited where it allows any benefit from the reputation of the protected name.

Any misuse, imitation or evocation, even if the true origin of the goods or services is indicated or if the protected name is translated or accompanied by an expression such as "kind", "type", "method" "style", "imitation" or similar expressions, remains prohibited.

However, it should be noted that when the IGPIA contains the generic name of a product, the use of the name is not prohibited. Conversely, the name of an IGPIA can never become generic; it cannot therefore lose its distinctiveness.

Any false or misleading indication as to the provenance, origin, nature or essential qualities of the product that appears on the wrapping or packaging, advertising material or documents relating thereto is, of course, also prohibited.

More unusually, is forbidden the use in packaging of a container liable to convey a false impression as to the product's origins, is prohibited.

Lastly, on a very general level, any other practice liable to mislead the consumer into error as to the true origins of the product, is also prohibited.

II. The strengthening of existing protection

The legislature sought to raise the level of protection for all geographical indications to that applicable to trademarks.

It should then be noted that, logically, this has resulted in various amendments to trademark law itself. Thus, Article L. 711–4, paragraph d) of the Intellectual Property Code now provides that the choice of a sign as a trade mark cannot infringe a protected designation of origin or geographical indication. The wording is a little curious, since the protected designation of origin is part of all geographical indications, but it is more satisfactory than the previous wording, which was that of the *appellations d'origine*.

Article L. 712–4 of the Code now grants the right to oppose the registration of a trademark by the INPI in the event of infringement of an IGPIA to two categories of legal person. Firstly, local authorities, since such information includes the name of the community (a system for alerting local authorities is provided by Article L. 712–2–1 of the Code). Next, opposition may be filed by defence and management organisations.

However, most of the measures lay in strengthening the defence of all geographical indications, regardless of their nature (IGPIA, AO, PDO and PGI). Their protection system is very similar to that which applies to trademarks, now serving to classify rights based on geographical indications in terms of industrial property rights. Indeed, like trademarks, they are protected by actions for counterfeiting (1) and the possibility of products being withheld by customs authorities (2). The criminal sanction for the disregard thereof, but it is not an absolute equivalent of the measures applicable to trademarks (3).

1. Counterfeiting

We must define counterfeiting (a), detail the relevant penalties (b) and finally discuss the relevant proceedings (c).

a. Definition of counterfeiting

Article L. 722-1 of the Intellectual Property Code prohibits the production, supply, sales, marketing, import, export, transfer, use or possession to such ends of goods whose presentation affects or is likely to affect a geographical indication.

There is counterfeiting of a geographical indication where a practice violates the protection granted to it by law. Consequently, counterfeiting not only occurs as the use of a name identical or similar to that of geographical indication for identical or similar products (to use the language of trademark law), but also for different products taking advantage of the reputation of the protected geographical indication, or even for any practice liable to mislead the consumer as to the true origins of the product (see in particular Article L. 721-8 1° of the intellectual property Code for IGPIAs; Articles L. 643-1 and L. 643-2 of the Rural and Maritime Fishing Code for AOs; Art. 13 Reg. 1151-2012 EU for PDOs and PGIs for agricultural products and foodstuffs).

b. Penalties for counterfeiting

Civil penalties for counterfeiting are provided by Articles L. 722-6 and L. 722-7 of the Intellectual Property Code.

These are exactly the same as in trademark matters, namely: the withdrawal of products from commercial channels, together with materials and tools used for their creation, confiscation or destruction; publication of the judgment; the costs of all the above are borne by the counterfeiter.

Of course, a counterfeiter may be ordered to pay damages to the injured party on, yet again, the same terms as in trademark cases. The court must consider all the damage suffered (including non-pecuniary damage), together with the profits made by the counterfeiter.

However, while lump-sum compensation is possible, there is no lower limit. We know that in trademark law, flat-rate compensation shall not be less than the royalties that the counterfeiter would have had to pay had they obtained a licence to use the trademark. There can be no such lower limit, in the absence of a right of exploitation that may be granted to a third party on a geographical indication, when there is a licence agreement.

c. The infringement action

The civil action for infringement of a geographical indication is very similar to those for other

industrial property rights, in accordance with Directive 2004/48/EC of 24 April 2004 on the enforcement of intellectual property rights. The more unusual points will be examined here.

Under Article L. 722-2 of the Intellectual Property Code, any person authorised to use the geographical indication and/or any entity to which the law entrusts the tasks of defending geographical indications may bring the infringement action. In the latter category, there are of course the defence and management organisations (ODG), but also the *Institut national de l'origine et de la qualité* (INOQ).

These legal persons may intervene in actions for infringement brought by other parties.

Under Article L. 722-8 of the Code: "*Civil actions and applications relating to geographical indications, including when they also address a related issue of unfair competition shall be brought exclusively before the tribunaux de grande instance, as established by regulation*". Article D. 211-6-1 of the Civil Procedure Code refers to the courts of Bordeaux, Fort-de-France, Lille, Lyons, Marseilles, Nanterre, Nancy, Paris, Rennes, and Strasbourg.

Arbitration is possible as provided by Articles 2059 and 2060 of the Civil Code. Essentially, this means that people can compromise only on those rights of which they have free disposal. This provides reduced scope for arbitration, partly because product specifications are binding and it seems that an arbitration agreement requires the consent of all operators.

Under Article L. 722-3 of the Intellectual Property Code, any person with standing for actions for infringement may make an interim application to the competent civil court so that said court may order measures, possibly subject to a fine, in order to prevent an imminent infringement or the prosecution of allegedly infringing acts. These measures may be ordered against the alleged counterfeiter or intermediaries whose services they use. They may be ordered *ex parte*, i.e. without the defendant being called to the proceedings, when circumstances require that such measures not be ordered in adversarial proceedings.

If the measures are ordered before the commencement of proceedings on the merits, the applicant must apply either to the civil or criminal courts or file a complaint with the public prosecutor, within 20 working days or 31 calendar days (whichever is longer) from the date of the order. Otherwise, the measures are cancelled at the request of the defendant without reasons being given.

If the infringement can be proved by any means, Article L. 722-4 of the Code facilitates proof of infringement by a *procédure de saisie-contrefaçon* (discovery proceedings). On application by any person entitled to bring an action for infringement, the competent court may order either the detailed description, with or without sample collection, or the physical seizure of allegedly infringing objects and the seizure of all related documents. In addition, Article R. 722-5 provides that, in light of the seizure record, the president of the court may make any order to complete the proof of the acts allegedly infringing a geographical indication.

The applicant must apply to the civil or criminal courts within a period of 20 working days or 31 calendar days (whichever is longer) from the date of the order. Otherwise, the proceedings are cancelled at the request of the defendant.

Article L. 722-4-1 of the Code is intended to facilitate proof of infringement during the proceedings. *Ex officio* or at the request of any person entitled to bring an action for infringement, the court may order all legally permissible investigative measures even if a *saisie-contrefaçon* has not previously been ordered.

Finally, Article L. 722-5 of the Code facilitates the proof of origin and the distribution network for allegedly counterfeit products (called "*droit à l'information*" or right to information). The court hearing the case or interim application may, on request, order the production of any documents or information held by the defendant, but also of any person intervened in counterfeiting or simply found in possession of allegedly counterfeit objects.

2. The retention of products by customs authorities

Again the similarity other industrial property rights is striking. Briefly, there are two types of withholding by customs authorities provided by Articles L. 722-9 to L. 722-17 of the Intellectual Property Code: the *retenue d'office* (automatic retention) (a) and the *rétenion sur demande* (retention on request) (b).

a. Automatic retention

Except for perishable goods, as part of its checks, the customs authority may retain goods likely to infringe a geographical indication.

The retention is immediately notified to a person authorised to use the geographical indication or the relevant defence and management organisation. The nature, quantity and images of the goods are disclosed thereto and the public prosecutor is informed. Within four working days from the notification of the retention, the user or the defence organisation of the geographical indication must file a retention request; otherwise, the goods are released.

Within ten days from the acceptance of this application, the user or defence organisation must either provide proof of interim measures ordered by a civil court, or of a civil or criminal action brought and of the guarantee to cover its liability, or even of having filed a complaint with the public prosecutor. The period may be extended by 10 working days on application, with reasons, by the applicant; otherwise the goods are released.

b. The retention on request

Upon written request of one such person who can prove their right, the customs authority may as part of its checks retain goods that the applicant considers to be counterfeit. One of the actions cited above must be taken within ten working days or three days in the case of perishable goods. In order to bring legal action, they can obtain a certain amount of information. In addition, the applicant can inspect the goods and, at their request, the customs authorities may take samples (Article L. 722-12).

Articles L. 722-13 and L. 722-14 of the Intellectual Property Code define the conditions for the destruction of the goods by the customs authority.

3. Criminal penalties

These are not formally classified as counterfeiting offences. There are two separate categories of legislation which are, however, drafted in very similar terms: those sanctioning failures to observe

national geographical indications (a) and those sanctioning failures to observe European geographical indications (b).

a. National geographical indications

Article L. 453-2 of the Consumer Code provides for a maximum penalty of two years' imprisonment and a €300,000 fine for breaching the prohibitions under Article L. 431-2 of the Code. The penalty is three years' imprisonment and a €300,000 fine for trademark infringement.

Consequently, this sentence punishes the following acts:

- attempting to use or fraudulently using an AO or IGPIA;
- applying or displaying, by the addition, excision or any alteration, on products, natural or manufactured, offered for sale or to be sold, an AO or IGPIA knowing it to be inaccurate;
- convincing or attempting to convince persons that a product has an AO or IGPIA;
- convincing or attempting to convince persons that a product with an AO or IGPIA is guaranteed by the state or by a public body;
- mentioning on a product the presence in its composition of another product with an AO or geographical indication when that mention diverts from or undermines the reputation of the appellation or indication concerned.

Additional penalties may also be imposed (Article L. 453-9 of the Consumer Code).

The court may also order the display of the judgment or its publication in newspapers.

Article L. 453-3 of the same Code provides that these penalties are applicable to the use of any mention prohibited by Article L. 643-1, paragraph 2, of the Rural and Maritime Fishing Code, which covers any use that diverts from or undermines the reputation of the AO.

b. European geographical indications

For PDOs and PGIs, Article L. 453-5 of the Consumer Code punishes equally the violation of the prohibitions at Article L. 432-4 of the Code.

This Article punishes the same facts as those seen above except, curiously, the mention on a product on the presence in its composition of another product with a PDO or PGI, where this diverts or undermines its reputation.