Geographical Indications, the Principle of Specialty and Unfair Competition: the *Bordeaux* Perfumery Case

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Introduction

I have chosen to write about Geographical Indications (GIs) and their relation to the principle of specialty and unfair competition. For this, I decided to critically analyse a specific case from the Tribunal de Comércio de Lisboa (Commerce Court of Lisbon). In spite of not being a recent decision (the judgment is from 2000) it can be considered as a domestic landmark case in this matter.

GIs apply to a various products (e.g. wines, agricultural goods, and even services in some countries). It is an ancient concept but its proper international regulation is quite recent (i.e. the nineteenth century). Nowadays GIs could be said to represent an origin and quality ‘stamp’ for certain products. The consumer is not indifferent to the products’ provenance. Consequently, such ‘stamp’ is a valuable tool, since it is associated to an idea of quality, prestige or tradition. Accordingly, GIs constitute a different and interesting type of Intellectual Property (IP), which is relevant for both consumers and companies and can easily entail competition problems.

Before presenting the case it is relevant to refer some overall information. Consequently, I will briefly describe each of the relevant topics. Regarding GIs, I will first try to introduce a definition and indicate their general framework. For a clearer characterization I will refer to other Intellectual Property (IP) concepts directly related to GIs. Also, I will shortly distinguish GIs from trademarks. Second, I will determine who are the right holders. Finally, I will mention the ways in which protection can be awarded to GIs.

In the second part of the essay I will succinctly describe the principle of specialty and its possible application to GIs.

In the third part I will generally mention the relevant aspects of unfair competition for the chosen topic.

Afterwards, I will introduce the case and analyse the decision from a critical perspective. Consequently, I will try to link the previous notions with the judgment in order to examine the decision.

Finally, I will shortly present the conclusions reached.

As an introductory note I should mention that the essay will be mostly based on the European view of GIs.

Geographical Indications: General Notions

GIs are a separate category of IP. They can be defined as place names, used to identify certain goods whose specific characteristics (e.g. quality, reputation) are linked to their geographical origin. Known examples include Porto, Roquefort, Champagne and Tequilla. Still, one should mention that GIs can comprise non-geographical names, if linked to particular geographical locations (e.g. the Feta cheese case).

1 Designations of Origin and Geographical Indications, Pedro Sousa e Silva
GIs bring key advantages for both consumers and companies. They inform and inspire confidence in the consumer (i.e. by providing information regarding the products’ provenance and ensuring that the products possess certain qualities). Consequently, they are also a valuable instrument for companies and represent an added value to their products.

GIs do not enjoy a consistent global framework. In fact, even within the same country it is possible to find different treatments. The first attempt of international regulation of the institute was made in the Paris Convention for the Protection of Industrial Property (Paris Convention) from 1883. However, the Convention established limited protection. It determined a reduced protection regarding false indications, which was stated in Article 10 (1). Also, Article 1 (2) referred to ‘indications of source or appellations of origin’ but the term ‘appellations origin’ is covered by the idea of ‘indications of source’, which is a wider notion. Article 11bis provided for basic protection against misleading indications of source (i.e. which includes appellations of origin).

Consequently, some gaps needed to be fulfilled. Article 19 of the Paris Convention allowed parties to make special agreements ‘for the protection of industrial property’. Regarding GIs, two agreements were made: the Madrid Agreement and the Lisbon Agreement.

The Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (Madrid Agreement) from 1891 only regulated indications of source. The Agreement did not represent a significant step in terms of extending the protection awarded by the Paris Convention but it was the first multilateral agreement regulating false and deceptive indications of source in particular.

Both the Paris Convention and the Madrid Agreement used the term ‘indications of source’ but they did not define it. However, a general definition could be taken out of these treaties’ provisions. Accordingly, an ‘indication of source’ could be defined ‘as an indication referring to a country or to a place situated therein as being the country or place of origin of a product’. One can therefore conclude that the good did not have to possess particular qualities, specifically linked to its place of origin.

Also at an international level, the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Lisbon Agreement), from 1958, expanded the Madrid Agreement’s protection and created an international framework.

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2 Geographical Indications: the Protection of Brazilian Cultural Heritage in its Diversity, Sylvio do Amaral Rocha Filho
3 Geographical Indications and TRIPS: 10 Years Later; A Roadmap for EU GI Holders to get Protection in other WTO Members
4 It referred to the concept in the following terms: ‘(…) goods bearing false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries’.
5 Geographical Indications and TRIPS: 10 Years Later; A Roadmap for EU GI Holders to get Protection in Other WTO Members
6 Protection of Geographical Indications, Gediminas Pranevičius
7 Idem
8 Id.
registration for appellations of origin.\textsuperscript{9} Article 2 (1) defined the term ‘appellations of origin’ as ‘the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentiality to the geographic environment, including natural and human factors’.

The Agreement allowed countries to adopt their own system for designating appellations. After registration, a GI would be protected in other Member states.\textsuperscript{10} The World Trade Organization (WTO) took into account the consumers’ growing interest in the origin and quality of the products acquired and regulated GIs in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), from 1994.\textsuperscript{11} In fact, the TRIPS Agreement possessed a chapter dedicated to GIs, which comprised the standard definition and minimum regime. Article 22 (1) defined GIs as ‘indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin’. From this definition one can conclude that, according to TRIPS, a GI contains three main elements: 1) the existence of a good (in certain countries services are also included), 2) which has its origin in a specific geographical area, 3) with certain qualities, reputation or other characteristics connected to its origin. Also relevant is the fact that TRIPS extended the concept (i.e. if compared with the definition of appellations of origin adopted in the Lisbon Agreement).

Article 22 (2), (3) and (4) established a minimum level of protection, regardless of the nature of the good. This standard protection had the purpose of avoiding deceiving the public and preventing unfair competition.\textsuperscript{12} This provision determined a prohibition on the use of GIs ‘by producers not located in the region designated by the geographical indication’.

Article 23 of the TRIPS Agreement provided for additional protection for GIs referent to wines and spirits. This additional protection included three elements: 1) the prevention of use of a GI identifying wines and spirits which did not originate in the place specified by the geographical indication, 2) the possibility of refusing or invalidating the registration of a trademark for wines and spirits if it consists or contains a GI and 3) the call for future negotiations to increase protection.\textsuperscript{13} Finally, Article 24 fixes some exceptions for GIs’ protection.

It is also appropriate to mention the definitions established at the EU level. Council Regulations No. 510/06, No. 479/08 and No. 110/08 defined GIs in similar terms.\textsuperscript{14}

\textsuperscript{9} Juridical Aspects of Geographical Indications in the Brazilian Wine Sector, Nicole Rinaldi de Barcellos
\textsuperscript{10} Protection of Geographical Indications, Gediminas Pranevičius
\textsuperscript{11} Indications of Source, Designations of Origin and Geographical Indications, Alberto Francisco Ribeiro de Almeida
\textsuperscript{12} https://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm
\textsuperscript{13} Protection of Geographical Indications, Gediminas Pranevičius
\textsuperscript{14} According Council Regulation No. 510/06 (agricultural products and foodstuffs), GI ‘means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff originating in that region, specific place or country, and which possesses a
A sharper understanding of GIs requires a specific reference to other concepts. Therefore, it is important to mention the notion of indications of source and appellations of origin. Also, one should distinguish GIs from trademarks.

**Indications of source** are a broader concept than GIs. In fact, indications of source only require that the product originates in a certain place (i.e. a particular characteristic of the product does not have to be a consequence of its origin). Indications of origin are just a sign referring to the product’s place of origin. Examples include references such as ‘made in China’, ‘product of Portugal’, among others.\(^6\)

An **appellation/designation of origin** is a special type of GI, which requires a stronger connection to the place of origin (i.e. the product’s quality or characteristics have to be exclusively or essentially the outcome of its place of origin). Both Article 2 (1) of the Lisbon Agreement and Article 2 (1) (a) of Council Regulation No. 510/2006 comprise a similar definition of appellation of origin.\(^7\) Examples of protected appellations of origin include *Bordeaux* for wine, *Jaffa* for oranges, *Tequilla* and *Prosciutto di Parma*, among others.

Regarding the distinction between trademarks and GIs it is important to note that GIs are linked and named after a certain place and trademarks are linked to a certain company. Also, GIs’ right holders are producers who comply with the standards applicable and are located in a determined area. Trademarks’ right holders can be anyone, anywhere. Finally, trademarks cannot contain GIs if there is a risk of consumers’ confusion. On the contrary, GIs can coexist with trademarks.\(^8\)

GIs’ **right holders** are producers who conform with the rules of production and are located in the specific geographical area.

This type of IP was developed to guarantee protection against forgeries, misuse, misappropriation and similar conflicts. The Port Wine case (1756) can be considered

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\(^7\) *Idem*

\(^8\) According to Article 2 (1) of the Lisbon Agreement appellation of origin is ‘the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors’.

Article 2 (1) (a) of Council Regulation No. 510/2006 defines designation of origin as ‘the name of a region, specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff originating in that region, specific place or country, the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and the production, processing and preparation of which take place in the defined geographical area’.

\(^16\) *The War on Terroir: Geographical Indications as a Transatlantic Trade Conflict*, Tim Josling
as the first global experiment of protected GI (PGI). Protection afforded to GIs prevents third parties from using the indication if they do not respect the relevant standards.

GIs’ protection can be comprised in one of four models: 1) unfair competition or passing off; 2) protected designations of origin and registered geographical indications; 3) collective marks and certification marks; 4) administrative instruments. Since this essay does not intend to describe the scheme of protection conferred by each model, I will not develop this matter.

### The Principle of Speciality

A trademark is the sign adequate for distinguishing products and services of a certain company from others. According to the principle of specialty, a distinctive sign can only be subjected to appropriation for the products/services it individualizes. Consequently, the right over a distinctive sign is not referent to the sign itself, but to the relation between the sign and products/services/activities that it identifies. This principle is a rule pursuant to trademark law. It prevents the holder of a trademark from reacting against its use for products meant for different markets. In other words, the scope of protection only comprises the products/services covered by the trademark registration as well as similar ones. It is stated in the TRIPS Agreement and is generally applied according to the Nice Classification of Goods and Services (Nice Classification). Article 16 of TRIPS recognizes the owner of a trademark’s right to prevent third parties’ use of identical or similar signs for identical or similar products/services as those for which the trademark was registered, if such use could lead to confusion.

A trademark individualizes certain products/services and allows for their distinction from similar ones. For the trademark to effectively fulfil that role, third parties cannot use the same or similar trademarks. However, if the products/services’ clienteles are completely different, there is no reason for protection of the distinctive function.

This intuitive rule is a basic principle both in Portuguese and other countries’ trademark laws.

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19 Institutionalization of Geographical Indications in Brazil and Spain, Fernanda Novo da Silva, Fávio Sacco dos Anjos, Nádia Velleda Caldas, Germano Ehlert Pollnow
20 Indications of Source, Designations of Origin and Geographical Indications, Alberto Francisco Ribeiro de Almeida
21 Juridical Protection of a Trademark’s Holder, Carlos Olavo
22 Trademarks and Geographical Indications, Critical Jurisprudence, Carlos Olavo
23 http://www.mercosur-iprhelpdesk.eu/content/what-does-it-mean-principle-specialty-trademarks
24 The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.’
25 The Principle of Speciality in Trademarks. The Rule and the Exception: Trademarks of Great Prestige, Pedro Sousa e Silva
Some refer to the principle of specialty’s relative character since it has a limited application. In fact, the principle’s application would be restricted to similar or competitor products/services as those protected by the registered trademark.  

For example, if a company that produces agricultural machinery possesses a trademark there is no reason that would justify the prohibition of its use for a musical group (i.e. Jacto). The scope is completely different.

Contrary to patents, the distinctive sign in a trademark does not have to entail an absolutely novelty (i.e. it only has to be a relative novelty).  

The principle of specialty’s application to GIs is not a settled matter. Different countries have different views on the topic. For example, in France the notoriety of the sign is a requirement for its recognition. The notoriety upstages the specialty and consequently the principle is not applicable to GIs.  

Nevertheless, it seems reasonable to generally apply specialty to GIs. As it will be possible to see from the ‘Bordeaux Perfumery’ case, it can prevent unreasonable judicial decisions.

In the case of GIs there is a sign (i.e. a name) that is registered to identify specific products and can only be used by a particular group. The good has a stronger connection with the sign. This stronger link exists because the sign only applies to certain products with a particular origin and qualities. Contrarily to the case of indications of source, not all products which share the same geographical origin are entitled to use the registered GI.  

A link between the place’s notoriety and the produced good has to exist, otherwise there can be no GI. This is why GIs have to be constructed over time.

The chosen decision refers to an appellation of origin. This type of GIs encompasses an even stronger link with the registered name. Nevertheless, it will be argued that even this stronger connection with the distinctive sign cannot justify an exclusive right to its use.

**Unfair Competition**

As stated before, Article 22 of the TRIPS Agreement determined the minimum protection level for GIs: 1) protection against the use of misleading or deceptive indications, 2) protection against the use of GIs in a form that constitutes unfair competition and 3) refusal or invalidation of trademarks that contain or consist of GIs.

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26 E.g. Pinto Coelho: ‘a trademark does not have to be distinct from any other existent trademark (...); it has to be distinct, and therefore new, in the sense that it should not lead to confusion in regards to products of the same kind (...)

27 Ferrer Correia: ‘The trademark should be constructed in a way that does not lead to confusion with another trademark previously adopted for the same or similar product (...). That is why the law restricts the principle of specialty to products of the same kind.’

28 Comprehension of Geographical Indications as a Distinctive Sign of Origin, Kelly Lissandra Bruch and Angela Kretschmann

29 Idem

28 Id.

30 Geographical Indications: A Review of Proposals at the TRIPS Council, Dwijen Rangnekar
Unfair competition is, according to Article 10bis (2) of the Paris Convention, ‘any act of competition contrary to honest practices in industrial or commercial matters’. The notion of ‘honest practices’, however, is dependent on the concrete case. Article 10bis (3) prohibits specific acts.

Unfair competition can take various forms. Still, it is useful to refer some common practices such as confusion, false or misleading allegations, violation of trade secrets, parasitic acts, discrediting competitors comparative advertising, among others. Since it will be useful to critically analyse the chosen judgment, one should particularly refer to acts that create confusion, false or misleading allegations and parasitic acts. Article 10bis (3) (i) determines a prohibition regarding ‘acts that create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor’. It is a wide provision but one can argue that confusion usually happens in relation to indications of origin (e.g. as in the ‘Bordeaux Perfumery’ case) and the appearance of the products. The Paris Convention also prohibits misleading ‘the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods’ (Article 10bis (3) (iii)). For these allegations to be misleading is not necessary to be fundamentally false or to truly mislead the consumer. Also relevant is the notion of ‘free riding’. There are several ways of doing this and not all of them are considered a violation. Parasitic acts can be defined as the combination of acts through which a company tries to take advantage of another company’s reputation or efforts.

Unfair competition has negative consequences for both companies and consumers. On one hand, companies suffer economic losses. On the other hand, consumers are provided wrong or confusing information. Still, domestic legislations vary significantly on the level of protection awarded.

According to the Portuguese legislation (i.e. Article 317 of the Portuguese Industrial Property Code (PIPC)), unfair competition is composed by three elements: (1) the practice of a competitive act, (2) against honest rules and uses, (3) regardless of the activity.

The *Bordeaux* Perfumery Case: Description and Analysis

The *Bordeaux* Perfumery case refers to a decision from 2000 in which the Commerce Court of Lisbon determined the refusal of registration of the name ‘Bordeaux’ for a perfumery.

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31 *Unfair Competition and IP*, Maria Teresa Lo Greco (WIPO PowerPoint)
33 Idem
34 Id.
35 Id.
36 *Brief Analysis of Unfair Competition Regime in the New Industrial Property Code*, Jorge Patricio Paúl
In 1967, the applicant registered the name ‘Bordeaux’ as a designation of origin for the wines produced in the French region of Gironde. The registration was made in the International Secretariat for the Protection of Industrial Property. However, in 1991, a Portuguese commercial company (Jorge Sá Lda) filed a request to register the name ‘Bordeaux Perfumery’. The name was registered in 1999.

As a consequence, the Institut Nationale des Appelations d’Origine appealed against the decision of the Instituto Nacional de Propriedade Intelectual, which afforded protection to the establishment’s name.

In 2000, the Commerce Court of Lisbon revoked the dispatch granting protection and registering the name of the commercial establishment. The Court stated that using the name ‘Bordeaux’ to identify a perfumery could weaken the distinctive character of the designation of origin and lead to its degeneration. It considered that the question at stake was whether conceding registration for the establishment violated the applicant’s right and whether there was a misuse or imitation of the designation of origin, as well as unfair competition. To reach these conclusions the Court had to examine the possibility of (1) unfair competition, (2) consumers’ confusion and (3) deterioration of the designation of origin.

According to Article 282 of the PIPC, anyone who possesses a legitimate interest has the right to adopt a name and insignia to designate an establishment. However, Article 285 (1) (f), which is the provision dealing with exceptions, remits to the trademark provisions. Therefore the suitable rules are the ones referent to trademarks.

Article 222 (1) establishes that a trademark can be a sign or group of signs susceptible of graphical representation, as long as it distinguishes a certain company’s products or services. Accordingly, one can say that a trademark’s function is the identification of the provenance of a product or service. As one can read from Article 222, the composition of a trademark can be quite free. Nevertheless it is not unrestricted. Article 239 (m) determines that the reproduction or imitation of a trademark previously registered for products or services identical or comparable which might mislead or confuse consumers, cannot be registered.

In this case the Court analysed whether the adoption of the expression ‘Bordeaux’ led to a situation of unfair competition in relation to the designation of origin. Article 24 (1) (d) of the PIPC determines that unfair competition is a ground for refusal of registration. The ‘Bordeaux’ name was registered as a designation of origin well before the request to register the commercial establishment under the same designation. Also, Article 24 states that the mere possibility of unfair competition is

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37 French department in the Aquitaine region located in southwest France whose capital is Bordeaux.
38 Judgment from the Comerce Court of Lisbon No. 34 470
39 Previously (i.e. when the decision was taken) Article 228
40 Previously Article 231 (1) (e) and (h)
41 Previously Article 167 (1)
42 Judgment from the Comerce Court of Lisbon No. 34 470
43 Previously Article 189 (1) (m)
44 Previously Article 25
enough for refusing registration. Additionally, it is independent from the requester’s intention of creating a situation of disloyal competition.\footnote{Unfair Competition, J. Oliveira Ascensão}

The Commerce Court concluded that naming a perfumery ‘Bordeaux’ could trick consumers into thinking that the perfumes’ sold originated from the same institutions that commercialize the Bordeaux wines. In other words, there was a possibility of misleading the public regarding the geographical origin of the products. This coexistence could create unfair competition since it could provoke mix-up with the products offered by the applicant. For the Court, this potential confusion or error were enough to revoke the registration of the perfumery.

Also, the Court considered that using the same name could deteriorate the distinctive character of the region’s wines. Consequently, it annulled the establishment’s approved registration.

In short, the Commerce Court refused the registration of the establishment under the name ‘Bordeaux’ on three grounds: (1) the proneness of unfair competition (i.e. the possibility of its existence was enough), (2) the possibility of misleading/confusing consumers (i.e. the potentiality for confusion was also enough), as well as (3) the possible degeneration of the designation origin’s distinctive character.\footnote{Trademarks and Geographical Indications, Critical Jurisprudence, Carlos Olavo}

The Court’s decision was controversial. The PIPC regulates an establishment’s name in a specific chapter. However, in the provision determining the grounds for refusal of an establishment’s name refers to the rules regarding trademarks. Also, the domestic legislation repeatedly remits to trademark’s rules when regulating GIs. Therefore, the Court applied the correct provisions. Nevertheless, the conclusions reached by the Court seem inadequate.

First of all, the case concerns the name of an establishment, and not the name of a product. The applicant’s assertions would be more convincing if the case concerned the name of a perfume called ‘Bordeaux’. However, that was not the case. Nevertheless, according to the Portuguese legislation, it appears that the provisions applicable would be virtually the same.

The ‘Bordeaux Perfumery’ case was not a case of unfair competition. Also, it did not comprise any problems leading to consumer’s confusion and possible deterioration of the designation of origin.

To justify these deductions, one has to analyse the scope of unfair competition in relation to the circumstances of the case. Also, it is necessary to examine the identity criteria of products. Consequently, it is also needed to refer to the principle of specialty.

As regards to unfair competition, if one examines Article 317\footnote{Previously Article 25 (1)} of the PIPC it is possible to conclude that the only provisions that could be applicable refer to the possible risk of confusion and false indications regarding the product’s provenance (i.e. the other paragraphs of the Article refer to trade secrets and false indications regarding credit and reputation). Still, there was no risk of confusion in this case.
Regardless of the way one looks at a product/service’s identity criteria, the chosen case does not seem to comprise identity or similarity of products/services. If one defines identical or similar products as those which could lead the consumer into thinking they originated from the same business company, it seems highly unnatural that a producer of wines would extend its activity to the commerce of perfumes. ‘The identity or similarity exists when products/services, based on their economical significance, quality and way of usage (considering in particular the typical sites of production and sale) possess such close contact that applying the same trademark would reasonably make the average consumer consider them as originating from the same productive source.’ This might be a too comprehensive statement but even considering the criteria as based on the products/services’ common nature the ‘Bordeaux Perfumery’ case does not appear to comprise such identity. Jurisprudence and scholar work have used several elements that ought to be taken into account when evaluating a product/service’s identity or similarity: nature, composition, finality, function, distribution channels, establishment in which they are usually sold, price, type of consumers, etc. An appropriate criterion might be the one adopted by a judgment of the Tribunal da Relação de Lisboa (Lisbon Court of Appeal). The Court considered that identical or similar products/services are those who have a sufficient degree of similarity or proximity which allows for the satisfaction of identical consumers’ needs. These goods/services would have to be comprised in the same market. Consequently, there should be some sort of competition, even if weak. This does not happen in relation to wines and perfumes. There does not seem to exist any intersections or overlapping areas. It is very artificial to argue that there would be consumer’s confusion when naming a perfume store under the name of a certain kind of wine. Naming a product (in this case a establishment) in a way that implies an association with a certain geographical origin might confuse consumers. Nevertheless, in this case such confusion seems highly unlikely if one takes into consideration the principle of specialty. ‘For example, why should a wine producer care if a nail file or screws manufacturer adopts the same or similar trademark for its products?’ One cannot conclude for a violation when the name is used for products belonging to a completely different kind from those for which the registration was awarded. If the products are completely different there should be no risk of unfair competition or confusion. If someone goes to the supermarket to buy ‘Lux’ soap, there should not be any confusion if there are lamps being sold under the same name.

48 The Juridical Protection of Intellectual Production, Nogueira Serens
49 The Principle of Specialty in Trademarks. The Rule and the Exception: Trademarks of Great Prestige, Pedro Sousa e Silva
50 Commented Industrial Property Code, Justino Cruz
51 Emerging Issues for Geographical Indication Branding Strategies, Sanjeev Agarwal and Michael J. Barone
52 Teachings of Commercial Law, Volume I, Pinto Coelho
53 The Principle of Specialty in Trademarks. The Rule and the Exception: Trademarks of Great Prestige, Pedro Sousa e Silva
In a different decision, the *Vara Cível do Tribunal da Comarca de Lisboa* (District Court of Lisbon) determined the refusal of the expression ‘The Champagne of Beers’ for the trademark ‘Miller – High Life – The Champagne of Beers’. This decision is more plausible since the both beers and champagne are alcoholic drinks and there might be a risk (even if small) of confusion. Those who buy champagne might not buy beer, but both are included in the group of people who consume alcoholic drinks. As regards to the designation of origin’s name *deterioration*, one could argue that perfumes are associated with a market that is usually linked to a high degree of quality and unlikely to entail such deterioration. However, one should mention that the Court did not explain why it considered that there was such a risk. It just stated its existence.

One could speculate that the risk of deterioration could be associated with the *renowned status* of the ‘Bordeaux’ name. In fact, one has to admit that the principle of specialty might allow violations of renowned trademarks (i.e. in this case a designation of origin), with great reputation and prestige. It is clear that in these cases there should be a broader protection. In some situations an ‘opportunistic’ brand might produce goods that, for their nature, could confuse consumers regarding the origin of the good (e.g. naming pens after the Omega swatch brand). In other cases the problem is more serious as it might entail a denigration of the renowned trademark (e.g. the case of the *Valium* funeral homes or the pornographic goods named *Ferrari*).54

Wider protection for renowned trademarks could be grounded on unfair competition. Still, the most common justification for extending protection is anchored in the dilution theory. However, one should mention that this theory is usually referred in the context of similar trademarks, which as explained, does not seem to be the case. Also, the burden of proof would belong to the applicant. In the specific case the French *Institut* did not demonstrate the renowned status of the ‘Bordeaux’ name. Consequently, it would be groundless to defend the deterioration argument, even if anchored in the designation of origin’s well-known status.

In order to clarify the view adopted on this judgment, it is useful to give the example of another decision, which deals with similar matters. In spite of not being a Portuguese (or even European) case, it is a good example of the way different Courts analyse comparable questions, as well as the importance that certain details have in the outcome.

The selected case is the Brazilian ‘*Bordeaux Buffet S.A.*’ case.55 The *Institut National des Appellations d’Origine des Vines et Eaux-de-Vie* (INAO) requested the annulment of the registration made for the trademark ‘*Bordeaux Buffet S.A.*’, since it had the same name same as the protected designation of origin. The Brazilian company argued that it existed since 1954. Also, it stated that it was the largest Brazilian company in its sector (i.e. it supplied cutlery, dishes, furniture and

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54 *Idem*

55 *Comprehension of Geographical Indications as a Distinctive Sign of Origin*, Kelly Lissandra Bruch
party services). Moreover, it argued that its products and services had no connection with the French ‘Bordeaux’ wine.

The INAO claimed that such registration was a violation of the Brazilian law, which does not allow for the recognition of GIs as trademarks. According to the INAO, the Brazilian trademark would be taking a parasitical advantage of the French designation of origin. After an unfavourable decision from the Tribunal Regional Federal da 2ª Região (2nd Region’s Federal Regional Court), the INAO appealed to the Tribunal Regional Federal da 4ª Região (4th Region’s Federal Regional Court). The French Institute also argued that the Brazilian Intellectual law afforded special protection to a notorious trademark in its field of activity (i.e. as it would be the case of the ‘Bordeaux’ wines), according to the Paris Convention. This protection would be awarded, regardless of the registration of the notorious brand in the Brazilian Instituto National de Propriedade Intelectual (National Institute of Intellectual Property).

The second decision was favourable to the applicant’s claims. The Court ruled for the annulment of the Brazilian company’s registration. The Court did not accept the company’s arguments stating that its trademark refers to goods and services completely distinct from the products produced in the French Region and that, consequently, there would be no attempt of taking advantage of the notorious designation of origin. Also, the Court considered that the IP law prevented the registration of a notorious name or designation of origin as a trademark since it could lead to consumer’s confusion. The Judge declared that ‘the idea behind trademark law is the certification of origin to the consumer and, as such, the indiscriminate use of known designations of origin is not justifiable, in particular notorious ones, as in the case of the ‘Bordeaux’, even if to designate diverse products/services’. The Judge considered the attempt of parasitical behaviour to be proven. In spite of not being concurrent in the same activity, the ‘buffet’ services offered by the ‘Bordeaux Buffet S.A.’ company also provided wine. Finally, the Court noted that the IP law stated that the name of a place non-indicative of a designation of origin could be registered, as long as it was not deceptive as to provenance. It declared that this was not the case since ‘the geographical name ‘Bordeaux’ was a designation of origin and provenance and it could falsely induce the consumers in error, which was something that could be aggravated over time.’

The case has now been referred to the Brazilian Superior Court of Justice. Nevertheless, contrarily to the ‘Bordeaux Perfumery’ case, this might be more easily argued. It is essential to refer that the Brazilian company’s services included providing wine. This is the main difference between the perfumery and the ‘buffet’ cases.

**Conclusion**

As previously stated, GIs are valuable for both companies and consumers. They serve as an authenticity guarantee, promote a product and represent an added value to the

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56 [https://www2.jf.jus.br/portal/publicacao/engine.wsp?tmp.estilo=3&tmp.area=83&tmp.texto=5444](https://www2.jf.jus.br/portal/publicacao/engine.wsp?tmp.estilo=3&tmp.area=83&tmp.texto=5444)
good. Also, GIs help to promote regional development, as well as biodiversity, traditional knowledge and natural resources. Their benefits can be generally divided as (1) protection, (2) rural development, (3) exportation and (4) economical development benefits.57

There are several examples of GIs, some more famous than others. The analysed decision refers to the name ‘Bordeaux, which is a known designation of origin. Still, the fact that the name is a registered GI and that it is a particularly famous example does not lead to an automatic protection against every third party’s use of the name. The principle of specialty is a common sense rule. It would bizarre that a producer’s registration of, for example, a common use word as a trademark demanded a ban against its use for any other sort of product.58 Considering the principle’s purpose, it seems reasonable to consider its general application to GIs. Also, denying such application can lead to unfair results, as one can infer from the Commerce Court’ decision.

The ‘Bordeaux Perfumery’ case deals with GIs (i.e. in particular designations of origin) and an establishment’s designation. In this context, the Portuguese Industrial Code applies the rules regarding trademarks in a subsidiary manner. Consequently, the case was set by referring to trademark provisions. This was suitable if one takes into account the link between trademarks and GIs, as well as the provisions of the Portuguese law. Nevertheless, the reasons invoked by the Court to revoke the establishment’s registration were not convincing.

The Court revoked the perfumery’s registration based on the (1) possibility of unfair competition, (2) the risk of consumers’ confusion and (3) the possible deterioration of the registered designation of origin. However, there was no risk of such consequences.

First, there was no competitive relationship (i.e. the agents operated in different markets). Second, and also related to the possibility of unfair competition, there was no risk of misleading or confusing the consumers (i.e. there was no identity or similarity between the establishment and the establishment’s products and the registered designation of origin). Third, there was no deterioration of the designation of origin’s reputation (i.e. it is challenging to imagine that using the name for perfumery store would lead to such results).

The principle of specialty and unfair competition have diverse scopes. First, the principle of specialty defines a right’s content (i.e. it delimits the exclusive use inherent to the right over a distinctive sign). Differently, unfair competition determines the compliance with a duty (i.e. the duty of acting in good faith in the dispute for customers). Second, the principle applies to the relation between a certain sign and the reality it individualizes and unfair competition refers to a relation between activities.59 Consequently, there is competition between a planner/promoter of sports events and a periodical, as regards to advertising. However, there is no

57 Geographical Indications: Response Guide, Susana Maria Kakuta, Alessandra Lo Iacono Loureiro de Souza, Fernando Henriques Schwanke, Hulda Oliveira Giesbrecht
58 Idem
59 Trademarks and Geographical Indications, Critical Jurisprudence, Carlos Olavo
competition between a promoter of sports events and a periodical, as regards to the rights referent to their respective distinct signs.\textsuperscript{60}

In the perfumery case the principle of specialty leads to the conclusion that the ‘Bordeaux’ name and its exclusive use has a limited scope. The perfumery is not within that scope since the establishment and the establishment’s products are in no way identical or similar to those offered by the registered designation of origin. Consequently it could use the name for the establishment. The analysis of the concept of unfair competition leads to the determination that there is no relation between the activities at stake.

The ‘Bordeaux Perfumery’ decision was not a suitable resolution for the case. In fact, as previously shown, it would be more tolerable to accept the annulment of a registration in a case similar to the Brazilian ‘Bordeaux Buffet S.A.’. However, such a conclusion cannot be reached without debate (e.g. the Brazilian company existed since 1954 and it was the largest in its field). The question at stake is whether the fact that the Brazilian company also provides wine (i.e. the relation between activities) is enough to justify revoking the registration. In fact, this was the justification invoked in Portugal to refuse the registration of the trademark ‘Miller – High Life – The Champagne of Beers’. By applying the principle of specialty, the Court determined that these were similar (or at least comparable) products, included in the same market sector.

In spite of the advantages GIs entail it is unreasonable to defend such an exclusive right for GI’s holders. In fact, this could lead to ‘name’ monopolies and even obstruct other companies to enter or continue in other markets.\textsuperscript{61} Consequently, GIS should not be seen as aiming ‘at offering a \textit{sui generis} legal protection for regional specialty by creating a monopolistic right to use a geographical name (…) only on behalf of those producers who operate in the are to which the name refers and who comply with the product specifications (…)’.\textsuperscript{62} They do entail protection (i.e. in various forms, such as through trademark systems, on the basis of unfair competition, \textit{sui generis} protection, among others) to a geographical name, but the principle of specialty should be applicable and prevent a ‘monopolistic right’ to its use.

\textsuperscript{60} \textit{Unfair Competition}, J. Oliveira Ascensão
\textsuperscript{61} \textit{Appellations of Origin and Geographical Indications in OECD Member Countries: Economic and Legal Implications}
\textsuperscript{62} \textit{The Narratives of Geographical Indications}, Matteo Ferrari