

The Battle Between the Cheeses Signifies the Ongoing Struggle to Protect Designations of Origin Within the European Community and in the United States in *Consortio per la Tutela del Formaggio Gorgonzola v. Käserei Champignon Hofmeister GmbH & Co. KG*

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I. INTRODUCTION

In May 1994, a consortium of producers of Gorgonzola cheese applied to the Handelsgericht, Wien¹ for an order that Käserei Champignon Hofmeister cease marketing a blue cheese under the designation “Cambozola”² and consent to the cancellation of the “Cambozola” trademark.³ Plaintiffs brought their claim based on the Austrian law against unfair competition as well as the international Stresa Convention which deals with the use of appellations d’origine and denominations of cheeses.⁴ The Handelsgericht made an interim

1. The Handelsgericht, Wien is the Commercial Court in Vienna. See Case C-87/97, *Consortio per la Tutela del Formaggio Gorgonzola v. Käserei Champignon Hofmeister GmbH & Co. KG*, 1999 ECJ LEXIS 1241, at *1 (opinion of Advocate General Jacobs).

2. See *id.* at *5 (opinion of Advocate General Jacobs). Defendants submit that the applicant’s interim order and the final order infringed Community law. They argued that the cheese was lawfully marketed under the name “Cambozola” in its State of origin (Germany) and imported into Austria, and that the prohibition restricted trade contrary to Article 30 and was not justified by Article 36 of the EC Treaty. See *id.* at *12.

3. See *id.* at *5 (opinion of Advocate General Jacobs). Plaintiff also sought an interim order to enjoin the defendants from marketing a blue cheese under the “Cambozola” mark for the duration of the proceedings. See *id.* The first defendant, Käserei Champignon Hofmeister GmbH & Co. KG [hereinafter Käserei Champignon], is a cheese-producer established near Kempton, Germany, which has marketed Cambozola cheese in Germany since autumn 1977 and in Austria since March 1983. It also owns the Austrian trademark “Cambozola,” with registration protection for its milk and cheese since April 7, 1983. The second defendant, Eduard Bracharz GmbH [hereinafter Eduard Bracharz], is a wholesaler of various kinds of foodstuffs, including cheese. See *id.* at *3-4.

4. See *id.* at *6-8. The Austrian law is the Osterreiches Gesetz gegen den unlauteren Wettbewerb, which stipulates that unfair trading practices, as well as deception as to the “quality, origin and method of production of goods or services,” is anti-competitive. The abuse of trade names is also prohibited. See *id.* at *7. The Stresa Convention is an international convention on

order on June 24, 1994, prohibiting the defendants in the main proceedings from marketing blue cheese under the name "Cambozola" for the duration of the proceedings.⁵ The interim order was upheld on appeal,⁶ and the main proceedings resumed before the Handelsgericht; however, the Stresa Convention ceased to be applicable in Austria on February 9, 1996⁷ and the protection of "Gorgonzola" was thereafter governed at the international level by an agreement between Austria and Italy effective February 10, 1996.⁸ Subsequently, the Handelsgericht referred to the Court of Justice of the European Communities two questions on the interpretation of Articles 30 and 36 of the EC Treaty.⁹ After considering whether plaintiffs' measures were compatible with the Community rules on the free movement of goods,¹⁰ the European Court of Justice *held* that:

the Use of Designations of Origin and Names for Cheeses, signed at Stresa on June 1, 1951. *See id.* at *8. The Convention protected the name "Gorgonzola" effective June 1, 1954. *See id.*

5. *See Consorzio*, 1999 ECJ LEXIS 1241, at *10. The Court granted the order on the basis of the Stresa Convention. *See id.* at *9 (opinion of Advocate General Jacobs).

6. On September 22, 1994, the decision of the Handelsgericht was upheld on appeal by the Oberlandesgericht, Wien, which is the Higher Regional Court of Vienna. *See id.* at *9 (opinion of Advocate General Jacobs). The two courts held that the Stresa Convention not only protected the designation of origin "Gorgonzola," but also prohibited the use of similar names which lead to confusion, such as "Cambozola." *See id.* The Courts' holdings seemed to follow a May 1993 judgment of the Oberster Gerichtshof, the Supreme Court of Vienna, which deemed the name "Osterzola" an evocative name prohibited by Article 3 of the Stresa Convention. *See id.* The Consorzio per la Tutela del Formaggio Gorgonzola was the plaintiff in that case as well. *See id.*

7. *See id.* at *5. The Stresa Convention was effective in Austria from July 11, 1955, to February 9, 1996; it was rendered inapplicable in Austria pursuant to a November 30, 1994, diplomatic note issued by the Austrian Government. *See id.*

8. *See id.* at *10 (opinion of Advocate General Jacobs). This Agreement between Austria and Italy confers protection on geographical designations of origin and names of certain products against unfair competition. *See id.* The Agreement was signed in Rome on February 1, 1952, and applied to a limited number of products, including foodstuffs such as alcoholic beverages and preserved meat. *See id.* at *11. An Additional Protocol to that agreement, signed in Vienna on December 17, 1969, extended the list to include various cheeses. *See id.* The Protocol stipulated that the protection of certain cheeses, including "Gorgonzola," would come into effect only upon the expiration or amendment of the Stresa Convention; thus, the Austro-Italian Agreement became applicable to "Gorgonzola" on February 10, 1996. *See id.*

9. *See id.* at *4. The European Court of Justice [hereinafter ECJ] is the highest court of the European Union and has jurisdiction pursuant to Article 177 of the EC Treaty over all matters involving interpretation of the Treaty. *See TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY*, Mar. 25, 1957, O.J. (C91) 2 (1992) (as amended by the Treaty on European Union) [hereinafter EC TREATY]. Article 177 empowers the ECJ with authority to give preliminary rulings concerning: "(a) the interpretation of this Treaty; (b) the validity and interpretation of acts of the institutions of the Community; and (c) the interpretation of the statutes of any bodies set up by an act of the Council, where such statutes so provide." *Id.* art. 177. The Article further provides: "Where any such question is raised before a court or tribunal of one of the Member States, such court or tribunal may, if it considers that its judgment depends on a preliminary decision on this question, request the Court of Justice to give a ruling thereon." *Id.*

10. *See Consorzio*, 1999 ECJ LEXIS 1241, at *10.

(1) Under Council Regulation No. 2081/92, the principle of the free movement of goods does not preclude Member States from taking the measures incumbent upon them in order to ensure the protection of designations of origin for agricultural products and foodstuffs; (2) use of a name such as “Cambozola” may therefore be deemed to evoke the protected designation of origin “Gorgonzola,” irrespective of the fact that the packaging indicates the product’s true origin; and (3) it is for the national court to decide whether, on the facts, the use of an earlier trademark is allowed to continue notwithstanding the registration of the protected designation of origin “Gorgonzola.”¹¹ Case C-87/97, *Consorzio per la Tutela del Formaggio Gorgonzola v. Käserei Champignon Hofmeister GmbH & Co. KG*, 1999 E.C.R. I-1301.

II. BACKGROUND

In the wake of World War II, Western Europe was left badly divided, with France fearing revival of German military power and “the spectre of Soviet expansionism.”¹² It was within this context that the French Foreign Minister Robert Schuman addressed a ministerial meeting in 1950 and pronounced a plan that would provide “the first concrete foundation for a European federation which is so indispensable for the preservation of peace.”¹³ Plagued by a history of political and economic segregation, the advocates of European integration eventually rallied to establish political integration through a European common market that evolved into the present European Community (EC or Community).¹⁴ Despite the efforts toward this

11. *See id.* at *22.

12. DERRICK WYATT & ALAN DASHWOOD, *THE LAW OF THE EEC* 3 (Sweet & Maxwell, 3d ed. 1992).

13. *Id.* This quest for European integration, formally announced in London on May 9, 1950, was known as the Schuman Plan. *See id.* The plan sparked the creation in 1951 of the Treaty Establishing the European Coal and Steel Community. *See id.* This Treaty established regional institutions for the governance of the coal and steel industries, placing all Franco-German steel production under a common High Authority composed of independent persons named by the participating national governments, but acting within an organization open to participation by other European countries. *See TREATY ESTABLISHING EUROPEAN COAL AND STEEL COMMUNITY*, Apr. 18, 1951, 261 U.N.T.S. 140. The signatories to the ECSC Treaty were France, Germany, Italy, Belgium, Luxembourg, and the Netherlands. *See WYATT & DASHWOOD, supra* note 12, at 3.

14. WYATT & DASHWOOD, *supra* note 12, at 7. Such a concept was embodied in the Spaak Report of April 21, 1956, which was named after Belgian Foreign Prime Minister Paul-Henn Spaak and had as its objectives the development of atomic energy for peaceful purposes and the establishment of a European common market. *See id.* The Spaak Report prompted negotiations which led to the signing of the Treaty of Rome on March 25, 1957, endorsed by the same signatories of the ECSC Treaty. *See id.* at 9. The Treaty of Rome established the European

end, there was concern that the pressures of economic recession would cause Member States to adopt "protectionist measures as palliatives for unemployment and lack of national economic growth."¹⁵ It was also observed that such national attempts would hinder trade between the Member States and create a threat to the Community.¹⁶ Thus, the establishment of the "four freedoms" concept became essential to implementing the vision of a common market throughout the Member States.¹⁷ The free movement of goods is considered the front-runner of free movement, and its implementation has involved attempts by the European Court of Justice (ECJ) "to combat overt or covert barriers to trade between Member States and thereby to discourage the 'beggar my neighbor' attitudes which are so dangerous for the Community."¹⁸

Based upon the creation of a customs union, the Community, through Title I of the EC Treaty, mandated the removal of import and export duties between Member States and established a common tariff toward third countries.¹⁹ Another key provision intending to promote the free movement of goods is Article 95, included in the EC Treaty "to supplement the provision on the abolition of customs duties and charges having equivalent effect."²⁰ Several common types of

Economic Community (EEC, EC, or Community). *See id.* Following closely the recommendations laid out in the Spaak Report, the Treaty's purpose, contained in Article 3 of the Treaty, was to foster the establishment of a customs union; the free movement of persons, services, and capital; the establishment of a common agricultural policy; the establishment of a Community competition regime, and the correction of market distortions arising out of divergent national legislation. *See id.* at 8.

15. LAWRENCE W. GORMLEY, PROHIBITING RESTRICTIONS ON TRADE WITHIN THE EEC 1 (North Holland 1985).

16. *See id.* at 1.

17. *See id.* These four principles are the free movement of goods, workers, services and capital, and the right of commercial establishment. *See id.*

18. *Id.* at 2.

19. *See* EC TREATY, *supra* note 9, art. 9(1). Article 9(1) of the EC Treaty provides:

The Community shall be based upon a customs union covering the exchange of all trade in goods and comprising both the prohibition, as between Member States, of customs duties on importation and exportation and all charges with equivalent effect and the adoption of a common customs tariff in their relations with third countries.

20. Case C-168/78, Commission v. France, 1980 E.C.R. 347. Article 95 stipulates in paragraph 1 that: "A Member State shall not impose, directly or indirectly, on the products of other Member States any internal charges of any kind in excess of those applied directly or indirectly to like domestic products." Paragraph 2 states that: "Furthermore, a Member State shall not impose on the products of other Member States any internal taxation of such a nature as to afford indirect protection to other productions." EC TREATY, *supra* note 9, art. 95. This language reveals a goal "to ensure free movement of goods between the Member States in normal conditions of competition by the elimination of all forms of protection which may result from the application of internal taxation which discriminates against products from other Member States." Commission v. France, 1980 E.C.R. at 347.

discriminatory or protective internal taxation are value-added taxes²¹ and excise taxes on alcohol and other products.²² Accordingly, the Commission has brought several Article 169 proceedings against Member States challenging their excise tax systems.²³ Such a proceeding was instituted against France in *Commission v. France*, which dealt with the application of tax arrangements to spirits.²⁴ In particular, the Commission challenged the tax structure France imposed on three categories of spirits: wine, fruit, and grain-based alcohols.²⁵ The grain-based spirits, which included whisky, gin, and vodka, were given a substantially higher excise tax than those spirits in the wine and fruit categories, which included cognac, armagnac, and calvados.²⁶ Since France produced substantial quantities of the wine and fruit-based alcohols, and only negligible amounts of grain-based spirits, the Commission took the view that this taxation system favored French national production in violation of Article 95.²⁷ While the French argued that the products were not “similar” within the scope of the first paragraph of Article 1, since cereal-based alcohol tends to be consumed as an “aperatif” while wine and fruit-based alcohol tends to be consumed as a “digestif,”²⁸ the Court found it unnecessary to decide this issue since they were undoubtedly “in at least partial competition with the domestic products to which the application refers and that it is impossible to deny the protective nature of the French tax system within the second paragraph of Article 95.”²⁹ It is also worth noting that the French Government argued that, from a tax standpoint, wine and fruit-based spirits are controlled and

21. See NICHOLAS GREEN ET AL., *THE LEGAL FOUNDATIONS OF THE SINGLE EUROPEAN MARKET* 45 (Oxford Univ. Press 1991). A value-added tax “sets out a common basis for the tax, but, in particular, leaves the rates to be fixed by the Member States.” *Id.*

22. See *id.* at 39.

23. See, e.g., Case C-170/78, *Commission v. United Kingdom*, 1983 E.C.R. 2265, 2266 (higher excise duty on wine than on beer was a violation of Article 95); Case C-356/85, *Commission v. Belgium*, 1987 E.C.R. 3299, 3326 (difference in tax on wine versus beer was not sufficient for finding protectionist effect). Article 169 of the EC Treaty provides:

If the Commission considers that a Member State has failed to fulfil any of its obligations under this Treaty, it shall give a reasoned opinion on the matter after requiring such State to submit its comments. If such State does not comply with the terms of such opinion within the period laid down by the Commission, the latter may refer the matter to the Court of Justice.

EC TREATY, *supra* note 9, art. 169.

24. See Case C-168/78, *Commission v. France*, 1980 E.C.R. at 347.

25. See *id.* at 350.

26. See *id.* at 350-51.

27. See *id.* at 351.

28. See *id.* at 367.

29. *Id.* at 369.

their designations of origin are regulated, which operates as an identifying criterion for distinguishing them from grain-based spirits.³⁰

The Community, through Article 30 of the EC Treaty, has sought to eliminate another type of barrier to the free movement of goods: “[q]uantitative restrictions on imports and all measures having equivalent effect.”³¹ Accordingly, a central issue in Community law is whether a Member State regulation or practice impermissibly restricts free movement of goods.³² The “quantitative restriction” referred to in Chapter 2 of the EC Treaty includes in its definition a “quota,” which imposes a numerical limitation on products in interstate trade.³³ While the definition of “measures having equivalent effect” is not explicitly stated in the EC Treaty, the ECJ has given an expansive interpretation to this phrase.³⁴ The Commission has also expanded the meaning of the phrase through the issuance of Community directives,³⁵ and has used Article 169 to challenge a variety of Member State measures having “equivalent effect.”³⁶ As a supplement to attacking barriers to free trade in court proceedings, the Commission and the Council have exercised their power under Article 100 to harmonize national rules which could adversely affect intra-community trade.³⁷

30. See *id.* at 367-68.

31. EC TREATY, *supra* note 9, art. 30. Article 30 states: “Quantitative restrictions on imports and all measures with equivalent effect shall, without prejudice to the following provisions, hereby be prohibited between Member States.” Article 31 provides that: “Member States shall refrain from introducing as between themselves any new quantitative restrictions or measures with equivalent effect.” *Id.* Article 34 further mandates that: “Quantitative restrictions on exportation and any measures with equivalent effect shall hereby be prohibited as between Member States.” *Id.*

32. See GORMLEY, *supra* note 15, at 95.

33. PETER OLIVER, FREE MOVEMENT OF GOODS IN THE EEC 51 (European Law Centre, 2d ed. 1988).

34. See WYATT & DASHWOOD, *supra* note 12, at 127.

35. See OLIVER, *supra* note 33, at 55. These directives were issued during a transitional period before Article 30 took direct effect; consequently, while they are useful guidelines for interpreting Article 30, they are superseded by case law. See *id.* at 56. Article 33(7) of the EC Treaty gives the Commission the power to issue such directives: “Directives issued by the Commission shall lay down the procedure and the timing according to which Member States shall abolish as between themselves any measures which exist at the date of the entry into force of this Treaty and which have an effect equivalent to quotas.” EC TREATY, *supra* note 9, art. 33(7).

36. See, e.g., Case C-247/81, *Commission v. Germany*, 1984 E.C.R. 1111 (the ECJ held that a German law constituted a measure having an equivalent effect; the law provided that pharmaceutical products could be placed on the market only by a pharmaceutical undertaking having its headquarters in the area in which that legislation was applicable).

37. See generally GORMLEY, *supra* note 15, at 234-38. Article 100 on the approximation of laws provides: “The Council, acting by means of a unanimous vote on a proposal of the

While Article 30's prohibition on "quantitative restrictions" is explicitly associated with quotas, the Court later interpreted "measures having equivalent effect" to encompass the total ban of products within that term.³⁸ In addition to Article 30, the meaning of "measures having equivalent effect" has also been established by virtue of Directive 70/50 on "the abolition of measures which have an effect equivalent to quantitative restrictions on imports."³⁹ Finally, the ECJ further defined the phrase through case law, of which *Procureur du Roi v. Dassonville*⁴⁰ provides a foundation.⁴¹ The case involved a Belgian law which prohibited the import or sale of "spirits bearing a designation of origin duly adopted by the Belgian Government when such spirits are not accompanied by any official document certifying their right to such designation."⁴² A Belgian firm was prosecuted for importing Scottish whisky that was bought in France, containing proof of Scottish origin affixed on a French register instead of the required certificate of origin from Scotland.⁴³ The Court, in ruling that the Belgian law violated Article 30, established that the Article forbids "[a]ll trading rules enacted by Member States which are capable of hindering, directly or indirectly, actually or potentially, intra-Community trade."⁴⁴ Furthermore, such "are to be considered as measures having equivalent effect to quantitative restrictions."⁴⁵ Here, where the certificate of origin requirement imposed by the Belgian law allows only direct importers

Commission, shall issue directives for the approximation of such legislative and administrative provisions of the Member States as have a direct incidence on the establishment or functioning of the Common Market." EC TREATY, *supra* note 9, art. 100.

38. Case C-34/79, *Regina v. Henn & Darby*, 1979 E.C.R. 3795, 3796 (the ECJ held that the United Kingdom's complete ban on the importation of indecent or obscene literature constituted a violation of Article 30).

39. Commission Directive 70/50/EEC of 22 December 1969 based on the provisions of Art. 33(7), on the abolition of measures which have an effect equivalent to quantitative restrictions on imports and are not covered by other provisions adopted in pursuance of the EEC Treaty, J.O. L 13/29 (Jan. 19, 1970), O.J. Sp. Ed. 1970-I, 17 [hereinafter Directive 70/50]. The Commission adopted this directive pursuant to its legislative power under EC Treaty Article 33(7). See EC TREATY, *supra* note 9, art. 33(7). Article 4 of the Directive provides that "Member States shall take all necessary steps in respect of products which must be allowed to enjoy free movement pursuant to Articles 9 and 10 of the Treaty to abolish measures having an effect equivalent to quantitative restrictions on imports and covered by this Directive." Directive 70/50, art. 4.

40. See Case C-8/74, *Procureur du Roi v. Dassonville*, 1974 E.C.R. 837.

41. See F. BURROWS, *FREE MOVEMENT IN EUROPEAN COMMUNITY LAW* 40 (Oxford Univ. Press 1987).

42. *Dassonville*, 1974 E.C.R. at 839. Note that Scottish whisky has been "duly adopted" by the Belgian Government. See *id.*

43. See *id.*

44. *Id.* at 852.

45. *Id.*

to comply “without facing serious difficulties,” such a law falls within the definition of “measures having equivalent effect.”⁴⁶

Member State protection of designations of origin relating to the free movement of goods has been open to much debate since the ECJ's decision in *Commission v. Germany*.⁴⁷ In this case the Court considered German legislation that offered protection to the terms *Sekt*, *Pradikatssekt*, and *Weinbrand*.⁴⁸ These terms could only be used to describe drinks of a certain quality if they were of German or foreign origin, provided that German was an official language throughout the country of production.⁴⁹ The law further prescribed that imported sparkling wine not in compliance with the requisite conditions for the protected appellations had to be called “Schaumwein,” while “Branntwein aus Wein” would describe imported wine-brandy not meeting the criteria.⁵⁰ The Commission challenged the German law's compatibility with Article 30, on grounds that the effect of the legislation was to favor domestic production to the detriment of imported goods.⁵¹ The Court noted that the purpose of registered designations of origin and indirect indications of origin was, in particular, to ensure that the interests of producers were safeguarded against unfair competition and that consumers were protected against misleading information.⁵² This purpose could only be achieved “if the product which [appellations] describe does in fact possess qualities and characteristics which are due to the fact that it originated in a specific geographical area.”⁵³ The Court added that, for indications of origin, the geographic area had to give the product “a specific quality and specific characteristics of such a nature as to distinguish it from all other products.”⁵⁴ The Court rejected the notion that definitions of origin based solely on “national territory or linguistic criterion” could constitute such a geographical area.⁵⁵ Finally, the Court concluded that, since the German Government failed to show that *Sekt* and *Weinbrand* “have a quality and characteristics peculiar to them” which would justify

46. *Id.*

47. *See* Case C-12/74, *Commission v. Germany*, 1975 E.C.R. 181.

48. *See id.* at 183. The German law allowed use of the appellations “Sekt” and “Pradikatssekt” for describing home-produced German sparkling wine exclusively, and “Weinbrand” only for German spirits distilled from wine. *See id.*

49. *See id.*

50. *See id.*

51. *See id.* at 185.

52. *See* *Commission v. Germany*, 1975 E.C.R. at 194.

53. *Id.*

54. *Id.*

55. *Id.*

deeming them German indications of origin, the law in question violated Article 30.⁵⁶

The Treaty itself creates an exception to the principle of the free market of goods through Article 36.⁵⁷ The exception allows Member States to protect specific interests at the expense of free movement of goods, including the protection of industrial and commercial property.⁵⁸ However, the last sentence of Article 36 forbids a State from using an Article 36 interest as a guise for its protectionism.⁵⁹ While not explicitly included in Article 36, consumer interests have since been recognized as a right deserving of protection under Community law.⁶⁰ The development of consumer interests and commercial fairness played out in *Rewe-Zentral AG v. Bundesmonopolverwaltung für Branntwein*,⁶¹ a landmark case in the free movement of goods arena that expanded societal interests under Article 36.⁶² The plaintiff wanted to import a consignment of fruit liqueurs, “Cassis de Dijon,” originating in France for marketing in Germany.⁶³ German law required that the marketing of fruit liqueurs, like plaintiff’s product, must meet a minimum alcohol content;

56. *Id.* at 196. The violation of Article 30 and the free movement of goods can be surmised in the following statement offered by the ECJ:

By reserving these appellations to domestic production and by compelling the products of the other Member States to employ appellations which are unknown or less esteemed by the consumer, the legislation on vine products is calculated to favour the disposal of the domestic product on the German market to the detriment of the products of other Member States.

Id. at 198. The Court noted a further prohibition under Article 30, laid out in Article 2(3)(s) of Directive 70/50, which prohibits “confini[ng] names which are not indicative of origin or source to domestic products only.” Directive 70/50, *supra* note 39, art. 2(3)(s).

57. See generally OLIVER, *supra* note 33, at 126-72; EC TREATY, *supra* note 9, art. 36. Article 36 provides that: “The provisions of Articles 30 to 34 shall not be an obstacle to prohibitions or restrictions in respect of importation, exportation or transit which are justified on grounds of public morality, public order, public safety, the protection of human or animal life or health, the preservation of plant life, the protection of national treasures of artistic, historic or archaeological value or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute either a means of arbitrary discrimination or a disguised restriction on trade between Member States.”

58. See, e.g., Case C-113/80, *Commission v. Ireland*, 1981 E.C.R. 1625, 1637-38 (where the Irish Government unsuccessfully argued that its law, which required all articles imported from other Member States to bear an indication of origin or the word “foreign,” was justified on Article 36 grounds; the ECJ held that such a government-supported campaign in Ireland to persuade people to buy Irish goods was overtly discriminatory and not justified on grounds of consumer protection or commercial fairness).

59. See EC TREATY, *supra* note 9, art. 36.

60. See GORMLEY, *supra* note 15, at 58.

61. Case C-120/78, *Rewe-Zentral AG v. Bundesmonopolverwaltung für Branntwein*, 1979 E.C.R. 649 [hereinafter *Cassis de Dijon*].

62. See OLIVER, *supra* note 33, at 70.

63. See *Cassis de Dijon*, 1979 E.C.R. at 660.

“Cassis de Dijon” fell short of this minimum requirement.⁶⁴ The ECJ, in assessing the compatibility of the German law with Article 30, stated that restrictions on intra-Community trade resulting from disparate national marketing laws are only permissible when “those provisions may be recognized as being necessary in order to satisfy mandatory requirements relating in particular to . . . the fairness of commercial transactions and the defence of the consumer.”⁶⁵ The Court did not find the German Government’s public health exception and consumer protection arguments persuasive,⁶⁶ holding that the minimum alcohol content requirements “do not serve a purpose which is in the general interest and such as to take precedence over the requirements of the free movement of goods, which constitutes one of the fundamental rules of the Community.”⁶⁷

Another consumer protection case that helped to define the scope of consumer rights under Article 36 is *Commission v. United Kingdom*.⁶⁸ The case focused on a United Kingdom regulation which prohibited “the retail sale of certain goods imported from other Member States unless they are marked with or accompanied by an indication of origin.”⁶⁹ The Court, in addressing the United Kingdom’s defenses of the regulation,⁷⁰ found significant the fact that the regulation would affect both wholesalers and manufacturers.⁷¹ In addition, the Court declared that the United Kingdom’s origin-

64. See *id.* The German minimum alcohol content was 25%, while the alcohol content of France’s “Cassis de Dijon” was between 15 and 20%. See *id.*

65. *Id.* at 662. The Court’s recognition that certain interests or values are deserving of judicial protection at the Community level, in the absence of Community legislation, is generally referred to as the “rule of reason.” See GORMLEY, *supra* note 15, at 51-52.

66. See *id.* at 664. In particular, the German Government maintained that the purpose of its minimum alcoholic content law was “to avoid the proliferation of alcoholic beverages on the national market, in particular alcoholic beverages with a low alcohol content, since, in its view, such products may more easily induce a tolerance towards alcohol than more highly alcoholic beverages.” *Id.* at 663. With regard to Germany’s consumer protection claim, the Court discounted the argument on grounds that consumer protection could be better procured “by requiring the display of an indication of origin and of the alcohol content on the packaging of products.” *Id.* at 664.

67. *Id.*

68. See Case C-207/83, *Commission v. United Kingdom*, 1985 E.C.R. 1201; see also *Commission v. Ireland*, 1981 E.C.R. at 1625.

69. *Commission v. United Kingdom*, 1985 E.C.R. at 1208.

70. The United Kingdom asserted that “the Order is a national measure which applies to imported and national measures alike and the effect of which on trade between Member States is uncertain, if not non-existent.” *Id.* at 1210. It also argued that “the requirements relating to indications of origin meet the requirements of consumer protection since consumers regard the origin of the goods which they buy as an indicator of their quality or true value.” *Id.*

71. See *id.* at 1211.

marking scheme hindered the free flow of goods within the Community:

Within such a market, the origin-marking requirement not only makes the marketing in a Member State of goods produced in other Member States in the sectors in question more difficult; it also has the effect of increasing the production costs of imported goods and making it more difficult to sell them on the United Kingdom market.⁷² Thus, the Court concluded that the UK regulation would “increas[e] the production costs of imported goods and mak[e] it more difficult to sell them on the United Kingdom market.”⁷³

The ECJ has also attempted through case law to define the scope of protection for industrial and commercial property rights accorded by Article 36.⁷⁴ The absence of a Treaty definition of industrial and commercial property rights makes it difficult to determine whether a national right should qualify for Article 36 protection.⁷⁵ While Member States are given discretion as to the degree of protection they afford within their own borders,⁷⁶ there are limitations dictating that “discrimination between imports and exports must not be arbitrary” and “national measures must not restrict trade any more than is necessary to protect the interest in question.”⁷⁷ The ECJ has recognized patents, trademarks, and copyrights as entitled to such protection.⁷⁸ Analogous to such industrial and commercial property rights is the protection of appellations and indications of origin,⁷⁹ the former of which describes products that possess qualities and characteristics linked with a specific geographical area, and the latter of which restricts generic product names to products of geographical origin which meet a certain quality level or characteristic.⁸⁰ The question inevitably arises as to what extent these related rights, which are not explicitly within any heading of Article 36, may be treated as

72. *Id.*

73. *Commission v. United Kingdom*, 1985 E.C.R. at 1211.

74. *See GORMLEY, supra* note 15, at 184-210.

75. *See BURROWS, supra* note 41, at 72.

76. *See WYATT & DASHWOOD, supra* note 12, at 139.

77. *Id.*

78. *See GORMLEY, supra* note 15, at 186-205.

79. Note that the terms *appellations d'origine* and *indications de provenance* are the French equivalents of appellations and indications of origin; however, English law is lacking of equivalent terms. *See OLIVER, supra* note 33, at 101.

80. *See id.* (quoting *Commission v. Germany*, 1984 E.C.R. at 194). Note that it is unclear whether appellations and indications of origin fall under the heading of the industrial or commercial property rights exception, or the consumer protection and unfair competition headings; however, such rights are generally recognized as deserving of Article 36 protection. *See id.* at 154.

erving imperative Community interests that would justify restricting the free movement of goods under the *Cassis de Dijon* doctrine.⁸¹

There are also traditional generic names for products, such as types of cheeses, of identifiable character which are not reserved for products made in a particular region and that therefore do not constitute appellations or indications of origin.⁸² These types of products are recognized in the 1951 International Convention on the Use of Designations of Origin and Names for Cheeses,⁸³ which illustrates Member States' interest in preventing anti-competitive trading practices with regard to the marketing of varieties of cheese types.⁸⁴ Accordingly, Article 1 of the Convention "prohibits all specifications which constitute false information as to the origin, variety, nature or specific qualities of the cheeses"⁸⁵ Article 3 protects the specified names "whether they are used alone or accompanied by a qualifying or even corrective term such as 'type,' 'kind,' 'imitation,' or other term."⁸⁶ Similarly, a 1952 Agreement between the Austrian and Italian Governments protects substantial and compelling national interests in preventing unfair competition between Member States.⁸⁷ The Agreement, which includes the protection of various cheese names among others, "obliges the contracting parties to take all necessary measures effectively to protect geographical designations of origin and names of certain products against unfair competition."⁸⁸ It further mandates that "any competitive act which is contrary to proper practice in the field of trade or commerce constitutes unfair competition."⁸⁹ Because of the absence of Community rules on the composition of cheeses,

81. See GORMLEY, *supra* note 15, at 50.

82. See, e.g., Case C-286/86, *Ministère Public v. Deserbais*, 1988 E.C.R. 4907 (discussed *infra*). The Court observed that the cheese bearing the name "Edam" was not an appellation of origin or an indication of origin for which Member States could rightfully confer protection, but "merely the name under which a type of cheese is sold" under the Stresa Convention. See *id.* at 4924. Thus, while "Edam" was a name once reserved for cheese made in the Edam region of the Netherlands, the term had become the generic name for a variety of cheese that was no longer linked to any specific geographic area, and given only minimal protection in the Stresa Convention. See *id.* at 4917 (opinion of Advocate General Slynn).

83. See *id.* at 4908 [hereinafter Stresa Convention].

84. See *Consortio*, 1999 ECJ LEXIS 1241, at *9 (opinion of Advocate General Jacobs).

85. *Id.* at *8 (opinion of Advocate General Jacobs).

86. *Id.*

87. *Id.* at *11 (opinion of Advocate General Jacobs).

88. Agreement on Geographical Designations of Origin and Names of Certain Products, Feb. 1, 1952, art.1(1) [hereinafter Austro-Italian Agreement]. See *Consortio*, 1999 ECJ LEXIS 1241, at *10 (opinion of Advocate General Jacobs).

89. *Id.* at *11 (citing Austro-Italian Agreement art. 1(2)).

numerous Member States have exercised their power to enact similar national measures which seek to outlaw misleading trade practices.⁹⁰

The protection of a type of cheese recognized by the Stresa Convention was the subject of *Ministère Public v. Deserbais*,⁹¹ in which the ECJ was charged with interpreting Article 30 as it related to French legislation protecting “Edam” cheese in accordance with the Convention.⁹² Defendant Deserbais imported from Germany “Edam” cheese which did not meet the minimum fat content required by French law.⁹³ The ECJ, in advancing the premise that Member States may proscribe rules to protect generic names only if they are proportionate in character, declared that

it would be incompatible with Article 30 of the Treaty and the objectives of a common market to apply such rules to imported cheeses of the same type where those cheeses have been lawfully produced and marketed in another Member State under the same generic name but with a minimum fat content.”⁹⁴ It was also noted that France could not rely on the Stresa Convention, despite its existence before the EC Treaty took effect, “to justify restrictions on the marketing of products coming from another Member State where the marketing thereof is lawful by virtue of the free movement of goods provided for by the Treaty.”⁹⁵

Within a similar context of consumer protection and fair trading, the ECJ considered what constitutes a geographical indication of

90. See, e.g., Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, Apr. 14, 1891, revised at Washington on June 2, 1911, at the Hague on Nov. 6, 1925, at London on June 2, 1934, and at Lisbon on Oct. 31, 1958, 828 U.N.T.S. 165 (1972) (providing protection for appellations of origin and indications of source); Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, Oct. 31, 1958, as last revised Jan. 1, 1994, reprinted in 3 STEPHEN P. LADAS, PATENTS, TRADEMARKS AND RELATED RIGHTS: NATIONAL AND INTERNATIONAL PROTECTION 1954 (1975) (establishing an international registration system for appellations of origin).

91. See Case C-286/86, *Ministère Public v. Deserbais*, 1988 E.C.R. 4907.

92. See *id.* at 4921. The French legislation, in particular its Decree of June 6, 1952 adopted in conformity with the Stresa Convention, limited use of the name “Edam” to cheeses having at least 52% of dry-matter content and a minimum of 40% fat content. See *id.* at 4908. It is also worth noting that “Edam” cheese was originally an appellation of origin in the Netherlands. However, the cheese name is no longer regarded as a designation of origin and therefore has been manufactured legally in Germany for over 50 years. It should also be mentioned that Germany is not a party to the Stresa Convention. See *id.* at 4910.

93. See *id.* at 4909. The German import had a 34% fat content. Thus, the Local Criminal Court fined Deserbais for the unlawful use of a trade name. He appealed on grounds that France could not prevent the German product from being marketed since consumers were provided with suitable information as to the product’s ingredients. See *id.* Furthermore, Deserbais argued that France could not “rely on the provisions of the Stresa Convention so as to evade the rules of the European Economic Community” pertaining to the free movement of goods. *Id.*

94. *Id.* at 4925. The Court noted that proper labeling was sufficient to protect consumer interests. See *id.*

95. *Id.* at 4926.

origin in *Criminal Proceedings Against Prantl*.⁹⁶ The case involved a German law which prohibited use of the Bocksbeutel bottle except for quality wine from specific regions.⁹⁷ The German Government justified its law by arguing that the Bocksbeutel was “an indirect geographic indication of origin and therefore constitutes an industrial or commercial property right which belongs to the wine producers in the specific region.”⁹⁸ The German wine law was held to be in violation of Article 30, as it would benefit certain German producers at the expense of importers from Italy.⁹⁹ In particular, Italian wine producers would incur “additional costs entailed by the need to bottle those products in a specific way in order to make them comply with the requirements of the market for which they were intended.”¹⁰⁰ The Court then considered whether Article 36 justified the German law and, without deeming it necessary to resolve questions of law, simply stated that the German producers “may not in any event successfully rely upon an industrial and commercial property right in order to prevent imports of wines originating in another Member State which have been bottled in identical or similar bottles in accordance with a fair and traditional practice in that State.”¹⁰¹ Accordingly, the Court concluded that the German law requiring only regional wine to be sold in the Bocksbeutel bottle could not be enforced where there was no threat to health under the public policy exception and consumers could be informed of the contents by labeling, thus negating a need to invoke a consumer protection exception.¹⁰²

It is apparent, then, that an industrial or commercial property right owner may not always be able to obtain protection throughout the Community, either because there exist lawful conflicting rights in another State,¹⁰³ or because another State does not protect the right¹⁰⁴ or imposes differing requirements for recognition of the right.¹⁰⁵ These scenarios produce conflict within the Community, especially

96. See Case C-16/83, *Criminal Proceedings Against Prantl*, 1984 E.C.R. 1299.

97. See *id.* at 1302-03. The Bocksbeutel bottle “has a characteristic bulbous shape” and is used to identify quality wines from the regions of Franconia, Baden-Franconia, and four municipalities in central Baden. See *id.* at 1302. Prantl was prosecuted for making improper use of Bocksbeutel bottles to import into Germany red wine from Bolzano, Italy, where the bottle has been traditionally used. See *id.* at 1303.

98. *Id.* at 1329.

99. See *id.* at 1327.

100. *Id.*

101. *Prantl*, 1984 E.C.R. at 1330.

102. See *id.* at 1330-31.

103. See, e.g., *id.*

104. See, e.g., Case C-8/74, *Procureur du Roi v. Dassonville*, 1974 E.C.R. 837.

105. See, e.g., Case C-286/86, *Ministère Public v. Deserbais*, 1988 E.C.R. 4907.

when two Member States are asserting rights over confusingly similar marks. Such was the issue for the Court's resolution in *Terrapin (Overseas) Ltd. v. Terranova Industrie*.¹⁰⁶ The case arose out of Germany's attempt to enjoin the marketing of a British-manufactured product bearing the trademark "Terrapin," on account of an alleged risk of confusion with a similar German product protected under the name "Terranova."¹⁰⁷ The Court ultimately determined that it was a matter for the national court to determine whether the likelihood of confusion between the two names existed.¹⁰⁸ In deciding this issue, however, the Court stated that the national court should consider that the protection which is accorded to industrial property rights cannot constitute "arbitrary discrimination or a disguised restriction on trade between Member States."¹⁰⁹ Thus, Germany was not precluded by the free movement provisions of the EC Treaty from enjoining the use of "Terrapin" as a trademark if there was in fact a risk of confusion.¹¹⁰ The Court's language effectively captured the ongoing tension between permitting free movement of goods and protecting industrial or commercial property rights:

In the particular situation the requirements of the free movement of goods and the safeguarding of industrial and commercial property rights must be so reconciled that protection is conferred by national laws, coming within the prohibitions on imports 'justified' within the meaning of Article 36 of the Treaty, but denied on the other hand in respect of any improper exercise of the same rights of such a nature as to maintain or effect artificial partitions within the common market.¹¹¹

It is not surprising that the legal diversity of the Member States tends to create barriers to free movement; accordingly, the Community has implemented Community-wide directives under Article 100 of the EC Treaty seeking to harmonize Article 36 protection throughout the Community.¹¹² An example of such harmonization in the field of trademarks is the adoption of First

106. See Case C-119/75, *Terrapin (Overseas) Ltd. v. Terranova Industrie*, 1976 E.C.R. 1039.

107. See *id.* at 1041-42. Terranova is a German company owning the trademarks "Terra" and "Terranova," which "are registered in respect of a range of building materials and auxiliary building materials." *Id.* at 1041. Terrapin is a UK company that began manufacturing and selling prefabricated houses in Germany under the trademark "Terrapin." See *id.* The German Supreme Court, after ruling that the two names were confusingly similar, referred to the ECJ the question of whether Terrapin had rights to use its trademark name under the EC Treaty. See *id.* at 1042-43.

108. See *id.* at 1060.

109. *Id.*

110. See *id.* at 1062.

111. See *Terrapin*, 1976 E.C.R. at 1062.

112. See WYATT & DASHWOOD, *supra* note 12, at 141.

Council Directive (EEC) 89/104 of 21 December 1988 (Directive 89/104) to approximate the laws of the Member States relating to trademarks.¹¹³ Article 3(1)(g) declares a trademark invalid if it is “of such a nature to deceive the public, for instance as to the nature, quality, or geographical origin of the goods or services.”¹¹⁴ Article 12(2)(b) mandates that a trademark may be revoked if “in consequence of the use made of it by the proprietor or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of the goods.”¹¹⁵ Article 4(1)(b) provides that “[a] trademark shall not be registered or, if registered, shall be liable to be declared invalid” in certain circumstances where “there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with an earlier trademark.”¹¹⁶ The effect of these provisions is to clarify trademark rights as well as to eliminate some of the discrepancies between national laws,¹¹⁷ while leaving trademark law to the discretion of the Member State.¹¹⁸ This, of course, may give rise to a Member State conflict similar to the trademark dispute in *Terrapin*.

The issue of the potential infringement of preexisting Member State trademarks on subsequent applications for trademark protection has been addressed through applications of Directive 89/104.¹¹⁹ The Court has created numerous standards regarding Member State trademark protection under the Directive. One standard, handed down in *SABEL v. Puma*,¹²⁰ involved an interpretation of Article 4(1)(b) concerning likelihood of confusion.¹²¹ *SABEL* involved the association of ideas between two pictorial representations of trademarks.¹²² The dispute arose when Dutch company SABEL applied for registration in Germany of a trademark which featured a

113. See First Council Directive 89/104 of 21 December 1988 to approximate the laws of Member States relating to trade marks, (1989) O.J. (L 40) 1 [hereinafter Directive 89/104]. The Directive was adopted pursuant to Article 100a of the EC Treaty. See *id.* The Directive’s intent is expressed in a “Whereas” clause in its preamble: “[I]t does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States and it will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.” *Id.*

114. *Id.* art. 3(1)(g).

115. *Id.* art. 12(2)(b).

116. *Id.* art. 4(1)(b).

117. See *id.* at first, seventh, and eighth recitals in preamble.

118. See Directive 70/50, fourth and fifth recitals in preamble, *supra* note 39.

119. See Case C-251/95, *SABEL v. Puma*, 1997 E.C.R. 6214.

120. See *id.*

121. See *id.* at 6219.

122. See *id.* at 6216-17.

bounding beast of prey accompanied by the name SABEL.¹²³ The trademark's intended use was for leather and imitation goods as well as various types of clothing.¹²⁴ German company Puma lodged an objection to such a registration, on grounds that SABEL's trademarks were confusingly similar to a prior trademark registered in Germany.¹²⁵ Puma's pictorial trademark was also of a bounding feline, and was also used for leather and imitation goods, in addition to articles of clothing.¹²⁶

The ECJ was referred the question of whether there was a "likelihood of confusion" within Article 4(1)(b) of the Directive sufficient to refuse protection to the SABEL mark in Germany due to its similar semantic content.¹²⁷ The Court stated that the likelihood of confusion is assessed on an average consumer standard.¹²⁸ Furthermore, while a high degree of distinctiveness of the earlier mark will give rise to a likelihood of confusion,¹²⁹ the earlier Puma mark at issue in SABEL was not sufficiently well known to the public and was not particularly creative or unusual.¹³⁰ The Court held that, under such circumstances, "the mere association which the public might make between the two trademarks as a result of their analogous semantic content was not in itself sufficient ground for concluding that there was a likelihood of confusion" within the meaning of Article 4(1)(b) of the Directive.¹³¹

More recent cases which involve issues regarding the free movement of goods continue to highlight the difficult relationship that exists between free movement of goods referred to in Article 30 and the protection of intellectual property rights as manifested by Community law. The problem of producers of one Member State using the geographical names of another Member State was addressed in *Exportur SA v. LOR SA*.¹³² A French Court inquired whether a 1973

123. *See id.* at 6216.

124. *See id.*

125. *See id.* at 6217.

126. *See id.*

127. *Id.* The German Federal Court of Justice ruled that there was no likelihood of confusion for trademark purposes between the two marks under German law. *See id.* However, on July 20, 1995, it referred to the ECJ for a preliminary ruling under Article 177 of the EC Treaty, for an interpretation of Article 4(1)(b) of the Directive as it related to the case at hand. *See id.* at 6216.

128. *See id.* at 6224. The Court stipulated further that the likelihood of confusion must be appreciated globally and the average consumer "normally perceives a mark as a whole and does not proceed to analyze its various details." *Id.*

129. *See id.* at 6224.

130. *See id.* at 6225.

131. *Id.*

132. *See* Case C-3/91, *Exportur SA v. LOR SA*, 1992 E.C.R. 5529.

Franco-Spanish Convention on the protection of designations of origin¹³³ could be applied to prevent two French undertakings from selling nougat candy under the names "touron Alicante" and "touron Jijona."¹³⁴ Similar nougat candies are produced in the cities of Alicante and Jijona in Spain.¹³⁵ After finding that the prohibitions set out in the Franco-Spanish Convention were within the scope of Article 30,¹³⁶ the ECJ turned to a consideration of whether the prohibitions in the Convention were "justified by the safeguard of rights" as provided in Article 36.¹³⁷ The ECJ ultimately held that "touron Alicante" and "touron Jijona" could be protected as a name of origin, on grounds that Articles 30 and 36 of the Treaty do not preclude the application of rules laid down by a bilateral convention on the protection of indications of origin,¹³⁸ provided that the protected names have not become generic in the country of origin.¹³⁹

In addition to the creation of conventions among Member States, another mechanism being used to reconcile the diversity of Member State law in the Community is the creation of a Community-wide regulation for a particular right.¹⁴⁰ A fairly recent Community regulation adopted for this purpose is Council Regulation (EEC) No. 2081/92 of 14 July 1992 (Regulation 2081/92), which established a

133. Article 3 of this Convention between France and Spain provided that the names "Turrón de Alicante" and "Turrón de Jijona" are, within French territory, reserved exclusively to Spanish products as mandated by Spanish legislation. *See id.* at 5555. Article 5(2) of the Convention extends the application of this rule when the names "are accompanied by terms such as 'style,' 'kind,' or 'type.'" *Id.*

134. *See id.* at 5555.

135. *See id.* at 5562.

136. The Court looked at the effects of the Convention as the basis of its conclusion. *See id.* at 5560. First, the Convention seeks to "prohibit Spanish undertakings from using protected Spanish names in France if they are denied the right to use them by Spanish law, and to prohibit French undertakings from using protected French names in Spain, if they are denied the right to use them by French law." *Id.* Secondly, a Member State that exports products to either France or Spain using a name protected by the Convention would be prohibited from using that name in both States. *See id.* These potential effects were sufficient to bring the Convention under the ambit of Article 30. *See id.*

137. *Exportur*, 1992 E.C.R. at 5561. With regard to Article 36, the Court declared that the Convention's purpose of ensuring fair competition brings it within the realm of Article 36 protection of industrial and commercial property, as long as the names at issue have not become generic in the country of origin. *See id.* at 5565. It follows that "where the protection afforded by a State to names indicating regions or places in its territory is justified under Article 36 of the Treaty, that provision does not preclude such protection from being extended to the territory of another Member State." *Id.*

138. Here, the relevant bilateral convention is the Franco-Spanish Convention at issue in the case. *See id.* at 5559.

139. *See id.* at 5566.

140. *See EC TREATY, supra* note 9, art. 220 ("Member States shall, in so far as is necessary, engage in negotiations with each other with a view to ensuring for the benefit of their nationals . . .").

framework of Community rules to govern registered designations of origin and geographical indications for certain agricultural products and foodstuffs where there is a link between the characteristics of the product or foodstuff and its level of geographical origin.¹⁴¹ Enacted on July 14, 1992, the Regulation was adopted in response to a trend “in recent years that consumers are tending to attach greater importance to the quality of foodstuffs rather than to quantity” and, accordingly, “a growing demand for agricultural products or foodstuffs with an identifiable geographical origin.”¹⁴² Also, “in view of the wide variety of products marketed and of the abundance of information concerning them provided, consumers must, in order to be able to make the best choice, be given clear and succinct information regarding the origin of the product.”¹⁴³ From this language, it is apparent that the Regulation has objectives of consumer protection and fair competition.¹⁴⁴ Articles 13 and 14 provide the conditions under which a proprietor may continue use of a trademark which was registered prior to an incompatible designation of origin application.¹⁴⁵ Commission Regulation (EC) No. 1107/96 of 12 June 1996 (Regulation 1107/96) governs the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Regulation 2081/92.¹⁴⁶

The adoption of Regulation 2081/92 has spurred cases which highlight how national measures fare vis-à-vis the enforcement of a Community regulation and the need to maintain the free movement of

141. See Council Regulation (EEC) No. 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, ninth recital in preamble, (1992) O.J. (L 208) 1 [hereinafter Regulation 2081/92].

142. *Id.* at third recital in preamble.

143. *Id.* at fourth recital in preamble.

144. See *id.* at fourth and seventh recitals in preamble.

145. See Regulation 2081/92, *supra* note 141, art.13(1):

Registered names shall be protected against: (a) any direct or indirect commercial use of a name registered in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or in so far as using the name exploits the reputation of the protected name; (b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as “style,” “type,” “method,” “as produced in,” “imitation” or “similar”; (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packaging of the product in a container liable to convey a false impression as to its origin; (d) any other practice liable to mislead the public as to the true origin of the product.

146. See Commission Regulation (EC) No. 1107/96 of 12 June 1996 on the registration and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No. 2081/92, (1996) O.J. (L 148) 1 [hereinafter Regulation 1107/96].

goods.¹⁴⁷ In *Jacques Pistre*,¹⁴⁸ the ECJ addressed the compatibility of French domestic legislation with the seemingly more restrictive provisions of Regulation 2081/92.¹⁴⁹ The defendants were four French nationals who managed French companies and who were each prosecuted under French domestic acts¹⁵⁰ for marketing cooked meat products under labels bearing the descriptions “mountain” and “Monts de Lacaune,” without the prior authorization necessary for such descriptions under the domestic laws.¹⁵¹ The ECJ first considered whether Regulation 2081/92 precluded domestic acts from laying down conditions on the use of the description “mountain.”¹⁵² The Court, finding that the Regulation did not preclude the application of the domestic French acts, stated that the description “mountain” could not be interpreted as covering a designation of origin or a geographical indication within the meaning of the Regulation, as the description was “quite general in character and transcend[ed] national frontiers,” whereas the Regulation required that “a direct link must exist between the quality or characteristics of the product and its specific geographical origin.”¹⁵³ Thus, the Court reasoned that such domestic acts,

which [did] no more than confer general protection on a description evoking in the mind of the consumer qualities linked in an abstract manner with the mountain origin of the products in question, are too remote from

147. See, e.g., Joined cases C-321-324/94, *Jacques Pistre and Others*, [1997] 2 C.M.L.R. 565; Joined cases C-129/97 and C-130/97, Criminal proceedings against Yvon Chiciak and Fromagerie Chiciak and Jean-Pierre Fol, 1998 E.C.R. I-3315; Joined Cases C-289/96, C-293/96, and C-299/96, Denmark, Germany, and France v. Commission, [1999] ECJ LEXIS 1783.

148. See *Jacques Pistre*, [1997] 2 C.M.L.R. at 565.

149. See *id.* at 582.

150. The national provisions in question are Act 85-30 of January 9, 1985, which relates to the development and protection of mountain regions and Decree 88-194 of February 26, 1988, which fixes the conditions for use of reference to mountain origin in respect of agricultural products and foodstuffs. See *id.* at 581. Section 3 of Act 85-30 defines “mountain areas” as characterized by significant disadvantages resulting from very difficult climatic conditions and/or the fact that the existence of steep slopes made it more difficult to work the land. See *id.* at 582-83. Section 2 of Decree 88-194 provides that the various stages of production had to occur in the mountain areas and the raw materials had to come from those areas. See *id.*

151. See *id.* at 569 (opinion of Advocate General Jacobs). The use of such labels was “liable to mislead customers as to the qualities or provenance of products.” *Id.* at 581.

152. See *id.* at 582. On October 3, 1994, the French Cour de Cassation referred this question, as well as a question on the interpretation of Articles 30 and 36 of the EC Treaty, to the ECJ for a preliminary ruling under Article 177 of the EC Treaty. See *id.* at 580.

153. *Jacques Pistre*, [1997] 2 C.M.L.R. at 586. The Court also noted that the description “mountain” was not an indication of provenance as defined by case law on Articles 30 and 36 of the EC Treaty. The ECJ’s case law provides that “an indication of provenance is intended to inform the consumer that a product bearing such an indication comes from a particular place, region or country.” *Id.* at 586-87.

the substantive subject-matter of Regulation 2081/92 for that regulation to preclude the maintenance of such legislation.¹⁵⁴

The *Jacques Pistre* court next turned to the issue of whether Articles 30 and 36 precluded domestic acts from restricting the use of the description “mountain” to products manufactured on national territory.¹⁵⁵ The Court ruled that, contrary to the position of the French Government, “Article 30 cannot be considered inapplicable simply because all the facts of the specific case before the national court are confined to a single Member State.”¹⁵⁶ Since it had been accepted that the domestic acts in question could have been applied to products imported from other Member States,¹⁵⁷ they constituted an obstacle to intra-Community trade for the purposes of Article 30 on the free movement of goods.¹⁵⁸ The Court further stipulated that such domestic legislation is discriminatory against imported goods “in so far as it reserves use of the description ‘mountain’ to products manufactured on national territory and made from domestic raw materials.”¹⁵⁹ Finally, after indicating that the domestic acts in question could not be justified on Article 36 grounds, the Court held that “Article 30 of the Treaty precludes application of domestic rules . . . which restrict use of the description ‘mountain’ to products manufactured on national territory and prepared from domestic raw materials.”¹⁶⁰

Another case which signifies the need for national legislation to comply with Regulation 2081/92, as well as the importance of ensuring uniform protection for eligible designations throughout the

154. *Id.* at 587. The Court added that it made no difference that the domestic acts protected specific geographical references to mountain areas, such as “Monts de Lacaune,” since although that name could be registered under Regulation 2081/92 if the condition as to links between the product and the area in question were met, such links were not necessary under the domestic legislation. *See id.*

155. *See id.* at 587. The French Government and the Commission argued that the French measures did not fall within the ambit of Articles 30 and 36 of the EC Treaty, since the prosecutions at issue in this case involved French nationals and French products marketed internally within France. *See id.*

156. *Id.* at 588.

157. The French Government conceded “that Section 34 of Act 85-30 does not expressly exclude from its scope products imported from other Member States.” *Id.*

158. *See Jacques Pistre*, [1997] 2 C.M.L.R. at 588.

159. *Id.* at 588-89. The Court reasoned that it was “apparent that the legislation does not enable imported goods to fulfill the conditions to which authorization to use the description ‘mountain’ is subject.” *Id.* at 589. Furthermore, imported products could not be used in the manufacture of processed products bearing the description “mountain” since, under the domestic acts, the grant of the prior authorization was dependent on the use of raw materials from mountain areas located in France. *See id.*

160. *Id.* at 589.

Community, is *Chiciak v. Fol*,¹⁶¹ which involved criminal proceedings brought against French defendant cheese makers Chiciak and Fol for having affixed the name “Epoisses” to their products when those products did not comply with the requirements of a 1995 French decree for use of that designation.¹⁶² The Court interpreted Regulation 2081/92 to mean that “a Member State may not, by adopting provisions of national law, alter a designation of origin for which it has requested registration in accordance with Article 17 and protect that designation at the national level.”¹⁶³ This holding illustrates the importance of the Regulation’s goals of ensuring uniform protection throughout the Community for names which meet the requirements of the regulation.¹⁶⁴ The Court also considered “whether, in the case of a compound designation of origin,¹⁶⁵ the fact that there is no footnote in the annex to the 1996 regulation specifying that registration is not sought for one of the parts of that designation means that each of its parts is protected.”¹⁶⁶ The Court ruled that the absence of a footnote in the Annex to Regulation 1107/96 did not necessarily mean that each of its component parts was protected.¹⁶⁷

161. See *Chiciak and Fol*, 1998 E.C.R. I-3315.

162. See *id.* at I-3334. By decree of May 14, 1991, the French authorities introduced the designation “Epoisses de Bourgogne” and defined the specific characteristics of cheeses eligible to use that designation. The French Government applied for registration of the designation “Epoisses de Bourgogne” using the simplified procedure under Article 17 of Regulation No. 2081/92 and the Commission proceeded to register it within the framework of Regulation 1107/96. However, the 1991 decree was amended by a subsequent decree of April 4, 1995, whereby, according to national legislation, the protected designation “Epoisses de Bourgogne” was replaced by “Epoisses.” See *id.* The defendants argued that they had not infringed the 1991 decree and that the name registered in Regulation 1107/96 in accordance with the French authorities’ request was “Epoisses de Bourgogne” and not “Epoisses.” See *id.*

163. *Id.* at I-3339. Thus, by changing the name “Epoisses de Bourgogne” to “Epoisses” by way of a unilateral act instead of the requisite procedure laid out in Regulation No. 2081/92, the French Government “made an improper alteration to a designation of origin registered in accordance with the Community requirements in force.” *Id.* at I-3322 (opinion of Advocate General La Pergola).

164. See *id.* at I-3321 (opinion of Advocate General La Pergola).

165. Compound designations of origin are names with several component parts, such as “Fourme de Cantal,” “Reblouchon de Savoie,” and “Crottin de Chavignol.” See *id.* at I-3323 (opinion of Advocate General La Pergola).

166. *Chiciak and Fol*, 1998 E.C.R. at I-3339. Regulation No. 1107/96 contains a list of protected designations of origin that have been registered in accordance with Article 17 of Regulation 2081/92. *Id.* at I-3322 (opinion of Advocate General La Pergola). The footnotes to the annex indicate the parts of the protected compound names for which the Member States do not seek protection. See *id.*

167. See *id.* at I-3341. Here, the registered compound name was “Epoisses de Bourgogne”; however, there was no footnote indicating the intention to exclude the term “Epoisses” from the protection granted by the Regulation. See *id.* at I-3322-23 (opinion of Advocate General La Pergola). The prosecution argued that since “Epoisses de Bourgogne” was protected by the Regulation without footnote qualification for “Epoisses,” the “Epoisses” part of

Advocate General La Pergola also minimized the import of such footnotes, noting that “it seems more accurate to say that any protection for an individual part of a registered name stems from the relevant rules laid down by the regulation”: Thus, the term in question must not be generic as stipulated in Article 3 and, in accordance with Article 13, it must as a whole “comprise some element of misuse, imitation or evocation” or “be liable to mislead the public.”¹⁶⁸

A recent case confirms that Member States are still grappling with the effect of Regulation 2081/92 on names already existing at the date of entry into force of the regulation, as with the difficulty of determining whether a name has become generic.¹⁶⁹ *Denmark v. Commission* involved a dispute over whether the name “Feta” should be regarded as generic, and consequently not able to be registered as a protected designation of origin.¹⁷⁰ Specifically, the Greek Government sought protection of the name “Feta” as a protected designation of origin (PDO) under Article 17¹⁷¹ of Regulation 2081/92.¹⁷² The Governments of Denmark, Germany, and France

the designation was protected as such; thus, the defendants were criminally liable for having used the name “Epoisses.” *Id.* at I-3335. The Court rejected this argument, giving limited importance to the footnotes in the Annex. *Id.* at I-3340.

168. *Id.* at I-3324 (opinion of Advocate General La Pergola).

169. See Joined Cases C-289/96, C-293/96, and C-299/96, Denmark, Germany, and France v. Commission, [1999] ECJ LEXIS 1783.

170. See *id.* at *27-*28.

171. Article 17 establishes a registration procedure applicable to the registration of names already in existence as of the date of Regulation 2081/92, which provides:

(1) within six months of the entry into force of the Regulation, Member States shall inform the Commission which of their legally protected names or, in those Member States where there is no protection system, which of their names established by usage they wish to register pursuant to this Regulation; (2) In accordance with the procedure laid down in Article 15, the Commission shall register the names referred to in paragraph 1 which comply with Articles 2 and 4 However, generic names shall not be added.

See Regulation 2081/92, *supra* note 141, art. 17.

172. See *Denmark*, [1999] ECJ LEXIS 1783, at *25-*26. The Commission and the Greek Government asserted first that “Feta” has been used and produced in Greece since ancient times. *Id.* at *34. The Commission also argued that consideration of Feta’s allegedly generic status was conducted in accordance with Article 3 of Regulation 2081/92. *Id.* at *36. Article 3 provides that generic names may not be registered. See Regulation 2081/92, *supra* note 141, art. 3(1). The criteria for determining whether or not a name has become generic are: (1) “the existing situation in the Member State in which the name originates and in areas of consumption,” (2) “the existing situation in other Member States,” and “the relevant national or Community laws.” *Id.* art. 3. In July 1982, the Commission sought the input of Member States in compiling a list of product names “capable of being recognized as generic names.” *Denmark*, [1999] ECJ LEXIS 1783, at *18. In doing so, it considered additional factors in determining whether a name has become generic: (a) The names were submitted by at least eight Member States . . . the Member State is a signatory to the Stresa Convention or has submitted the name to the Commission . . . the names

objected to the registration of "Feta" as a PDO, alleging that it was a generic name within the purview of Article 3(1) of the Regulation, and did not qualify for registration in accordance with the requirements of Article 17(2).¹⁷³ The Court, in holding that Regulation 1107/96 must be annulled to the extent that it registers "Feta" as a PDO,¹⁷⁴ emphasized that, in registering a product name under Regulation 2081/92, "account must be taken of the existence of products which are legally on the market and have therefore been legally marketed under that name in Member States other than the State of origin in which registration is sought."¹⁷⁵ Thus, since the Commission, in registering "Feta" as a PDO, did not give due consideration to "the fact that that name had been used for a considerable time in certain Member States other than the Hellenic Republic," the contended violation of Articles 17(2) and 3(1) were well-founded.¹⁷⁶

The European system of offering special protection to geographical indications has recently made its way into a wide-ranging accord between the European Community and the United States, bringing a more realistic means by which to enforce foreign geographical indications in the United States.¹⁷⁷ The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) requires its signatories to offer special protection to geographical indications recognized under other Member States' laws.¹⁷⁸ This

are unprotected by international agreements in Member States other than the Member State of origin. *See id.* at *18-*19.

173. *See id.* at *27.

174. *See id.* at *53.

175. *Id.* at *50. With regard to this second criteria included in Article 3(1) of Regulation 2081/92, the three applicant governments noted that "Feta has been lawfully produced in several other Member States even though it is generally made using cows' milk." *Id.* at *30. Other significant findings were that the production level of other Member States exceeded that of Greece, and that most Member State consumption of Feta is produced outside of Greece. *See id.* Also compelling was the fact that a majority of Member States requested that "Feta" be included in the Commission's list of generic names. *See id.*

176. *Id.* at *52.

177. The agreement seems inevitable in light of global economic expansion and the increasing scope of international trade. *See* Leigh Ann Lindquist, *Champagne or Champagne? An Examination of U.S. Failure to Comply with the Geographical Provisions of the TRIPS Agreement*, 27 GA. J. INT'L & COMP. L. 309 (1999) (citing Laurinda L. Hicks & James R. Holbein, *Convergence of National Intellectual Property Norms in International Trading Agreements*, 12 AM. U. J. INT'L L. & POL'Y 769, 770 (1997)). Furthermore, the United States' position "as a leader in the production and protection of intellectual property" compelled it to seek the insertion of intellectual property protection in the Agreement. *See id.* at 315 (citing Paul Demaret, *The Metamorphoses of the GATT: From the Havana Charter to the World Trade Organization*, 34 COLUM. J. TRANSNAT'L L. 123, 163 (1995)).

178. *See* Annex 1C to the General Agreement on Tariffs and Trade, Uruguay Round, World Trade Organization, done at Marrakesh, Apr. 15, 1994, arts. 22-24, 33 I.L.M. 1125 (1994)

special protection is found in three provisions of the TRIPS agreement. Article 22 defines and provides protection for geographical indications in general, prohibiting the use of false designations of origin and incorporating unfair competition provisions.¹⁷⁹ Article 23 provides additional protection for wine and spirit designations, stipulating that each signatory must enact legislation that prohibits the use of geographical indications for wines or spirits not originating in the designated geographical location.¹⁸⁰ Article 24 promotes additional international negotiations targeted toward protecting geographic indications and sets forth exceptions to the general prohibitions.¹⁸¹ This article also includes specific circumstances under which a signatory may refuse to recognize geographical indications.¹⁸² Notably, the TRIPS agreement does not require protection for a geographical indication that has become “customary in common language” or the “common name” for a good

[hereinafter TRIPS Agreement or TRIPS]. Prior to the enactment of the TRIPS Agreement, the international protection of geographical indications was provided for in only three international treaties, none of which offered exclusive protection to wine or spirits. See Lindquist, *supra* note 177, at 314. The first of these agreements was the Paris Convention for the Protection of Industrial Property, under which “a member of the Convention must seize or prohibit imports with false indications of source, producer, manufacturer or merchant.” *Id.* (citing Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised at Stockholm, July 14, 1967, 828 U.N.T.S. 305). The two subsequent agreements were the Madrid Agreement for the Repression of False and Deceptive Indications of Source and the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration. See Madrid Agreement and Lisbon Agreement, *supra* note 90.

179. See TRIPS, *supra* note 178, art. 22(2). In addition, Article 22(3) stipulates that member states must “refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the place of origin.” *Id.* art. 22(3).

180. See *id.* art. 23(1). These laws go even further by requiring members to prohibit the use of such indications “even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as ‘kind,’ ‘type,’ ‘style,’ ‘imitation,’ or the like.” *Id.*

181. See *id.* art. 24. Under the Agreement, members also agree not to “diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the WTO Agreement.” *Id.* art. 24(3).

182. See *id.* art. 24(4). A member may allow its national or domiciliary to continue using a geographic indication on its products if the national or domiciliary has used that indication “in a continuous manner with regard to the same or related goods or services in the territory of that Member either (a) for at least 10 years preceding 15 April 1994 [the date of Uruguay GATT 1994] or (b) in good faith preceding that date.” *Id.* Article 24(5) provides that in the case where a trademark is similar to or identical with a geographical indication, the trademark must have “been applied for or registered in good faith,” or the rights “acquired through use in good faith” either (a) before 1994, or (b) “before the geographical indication is protected in its country of origin.” *Id.* art. 24(5).

within a member's territory.¹⁸³ Despite criticism that "TRIPS' sections on geographical indications create uncertainty" and that "U.S. trademark law is still not quite in compliance with all of the mandates of the TRIPS Agreement,"¹⁸⁴ it is the better alternative to the virtually ineffective international agreements on intellectual property that preceded it.¹⁸⁵

III. NOTED DECISION

In the noted case, the Court of Justice of the European Communities offered an interpretation of the tension between Articles 30 and 36 of the EC Treaty and Regulation 2081/92. The Court began its analysis with a discussion of the relevant provisions of international law and national legislation.¹⁸⁶ Since "Gorgonzola" was registered as a protected designation of origin pursuant to Regulation 2081/92 by virtue of Article 1 of Commission Regulation 1107/96, the Court found it necessary to interpret these regulations.¹⁸⁷ Interpretations of such Community legislation were dispositive, the Court reasoned, in order to render a decision on "the current state of Community law."¹⁸⁸

Before deciding the first issue of whether "Gorgonzola" is protected against the use of "Cambozola" within the meaning of Article 13(1) of the Regulation, the Court discounted plaintiffs' argument that national protection afforded by a Member State to a designation of origin, even if wider in scope than that available under Community law, continues after the designation has been registered under the Regulation.¹⁸⁹ The Court cited *Chiciak and Fol* to advance its premise that plaintiffs' argument is contradicted by the language of Article 17(3) of the Regulation.¹⁹⁰ This Article "permits Member States to maintain national protection of a name only until such time as a decision has been taken on its registration as a name protected at Community level."¹⁹¹ Since Community regulation of trademarks

183. *Id.* art. 24(6). In addition, a member need not protect a geographical indication that has become "identical with the customary name of a grape variety existing in the territory of that Member." *Id.*

184. Paul Heald, *Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement*, 29 VAND. J. TRANSNAT'L L. 635, 660 (1996).

185. *See id.*

186. *See Consorzio*, 1999 ECJ LEXIS 1241, at *5-*6.

187. *See, e.g.*, Case C-280-91, *Kassel v. Veissman*, 1993 E.C.R. I-971, I-988; Case C-315/92, *Verband Sozialer Wettbewerb v. Clinique*, 1994 E.C.R. I-317, I-334.

188. *Consorzio*, 1999 ECJ LEXIS 1241, at *13.

189. *See id.*

190. *See id.*

191. *Id.*

preempts State regulation, the Court need only look to the Regulation and Treaty rules in order to answer the questions referred by the national court.¹⁹²

Dealing with the first issue, the Court considered the parties' opposing arguments focusing on Article 13(1)(b), which protects registered names against "any misuse, imitation or evocation."¹⁹³ Before delving into an analysis of Article 13, the Court looked to *Exportur*, stating that Articles 30 and 36 of the Treaty do not preclude the application of rules set forth in a bilateral convention¹⁹⁴ between Member States on designations of origin, provided that the protected names are not generic.¹⁹⁵

Defendants' argued that the applicant is seeking to obtain protection for the suffix "-zola," which is a common term that cannot be protected under the Regulation.¹⁹⁶ Defendants further averred that "Cambozola" is not an evocation of "Gorgonzola" within the meaning of Article 13 of the Regulation.¹⁹⁷ In particular, defendants asserted the argument advanced by the defendants in *SABEL*, that there has been no "evocation" within the meaning of Article 13(1)(b) "where there is merely an association of ideas which, in disputes concerning trademarks, does not amount to a likelihood of confusion."¹⁹⁸

The Court rejected the defendants' argument, endorsing Advocate General Jacobs's view that it is possible "for a protected designation to be evoked where there is no likelihood of confusion between the products concerned and even where no Community protection extends to the parts of that designation which are echoed in the term or terms at issue."¹⁹⁹ Applying this premise to the facts of this case, the Court reasoned that the similarity in appearance between the "Cambozola" and "Gorgonzola" supports the conclusion that the former is an evocation of the latter protected name.²⁰⁰ The fact that

192. *See id.* at *14.

193. *See id.* at *16. "Evocation," as referred to in Article 13(1)(b) of Regulation No 2081/92, "covers a situation where the term used to designate a product incorporates part of a protected designation, so that when the consumer is confronted with the name of a product, the image triggered in his mind is that of the product whose designation is protected." *Id.* (citing Regulation 2081/92, *supra* note 141, art. 13(1)).

194. The applicable bilateral convention in this case is the Austro-Italian Agreement. *See Austro-Italian Agreement, supra* note 88.

195. *See Consorzio*, 1999 ECJ LEXIS 1241, at *14.

196. *Id.* at *22 (opinion of Advocate General Jacobs). Defendants also argue that protection is precluded on a component part of a word where protection has never been requested or published in the Official Journal as required by Article 6 of the Regulation. *See id.*

197. *Id.* at *15-*16.

198. *Id.* at *16 (citing Case C-251/95, *SABEL v. Puma*, 1997 E.C.R. 6214).

199. *Id.* at *17 (citing opinion of Advocate General Jacobs).

200. *See id.* at *17.

these cheese names end in the same two syllables and contain the same number of syllables is also illustrative of a phonetic similarity between the two names, offering further support for the evocation of “Gorgonzola.”²⁰¹ The degree of similarity between the two cheeses led to the conclusion that the name “Cambozola” was an evocation of “Gorgonzola” within the meaning of Article 13(1)(b) of the Regulation.²⁰²

In rendering the second part of its holding, the Court stipulated that in declaring the use of a name such as “Cambozola” as an evocation of the protected designation of origin “Gorgonzola,” it is irrelevant that the second product bears an indication of the true origin of that product. Therefore, even though “Cambozola” packaging indicates that it is a German soft cheese, it does not deny the existence of its evocation of “Gorgonzola.”²⁰³ After concluding that “Gorgonzola” is deserving of protection by virtue of Article 13(1), the Court’s next task was to determine whether the conditions set forth in Article 14(2) of Regulation 2081/92 were satisfied so as to allow the continued use of an earlier trademark.²⁰⁴ The Court stated that the test for determining continued use of “Cambozola” under Article 14(2)²⁰⁵

201. *See id.* Note that there is also evidence suggesting that the phonetic similarity between the two names is not fortuitous: “Defendants concede that an advertisement was published by Käserei Champignon, stating that, coming ‘from the best family,’ the cheese combined ‘the delicate creamy consistency of noble Camembert with the piquant taste of spirited Gorgonzola.’” *Id.* at *31 (opinion of Advocate General Jacobs).

202. *See id.* at *22. Note that Advocate General Jacobs added that a name is an evocation of the designation of origin “where (i) there is a substantial degree of phonetic similarity between the name and the designation of origin and (ii) the name and the designation of origin are used in a very similar sector of the market.” *Id.* at *58 (opinion of Advocate General Jacobs). The Court, while not explicitly mentioning these factors in its holding, gave credence to these conditions as well.

203. *Id.* at *39 (opinion of Advocate General Jacobs).

204. *See id.* at *18.

205. *See* Regulation 2081/92, *supra* note 141. Article 14(2) of the Regulation provides:

With due regard for Community law, use of a trademark corresponding to one of the situations referred to in Article 13 which was registered in good faith before the date on which application for registration of a designation of origin or geographical indication was lodged may continue notwithstanding the registration of a designation of origin or geographical indication, where there are no grounds for invalidity or revocation of the trademark as provided respectively by Article 3(1)(c) and (g) and Article 12(2)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trademarks.

Id. art. 14(2). Article 3(1)(g) of the Directive prohibits the registration of “trademarks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service.” Article 12(2) of that Directive provides: “A trademark shall also be liable to revocation if, after the date on which it is registered, . . . (b) in consequence of the use made of it by the proprietor of the trademark or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature,

was whether “the trademark was registered in good faith before the date on which the application for registration of a designation of origin was lodged,” and whether “there are no grounds for the invalidity or revocation of the trademark as provided by Article 3(1)(g) and Article 12(2)(b) of the Trademarks Directive.”²⁰⁶ Turning to the issue of good faith, the Court offered the arguments of each of the parties,²⁰⁷ declaring that “the proprietor of the trademark cannot in principle benefit from a presumption of good faith if the legislation in force at the material time clearly precluded acceptance of his application.”²⁰⁸ The Court then established that the assessment whether the original registration was made in good faith is for the national court to decide.²⁰⁹

The Court subsequently considered the second prong of the test for determining whether an earlier trademark should be granted continued use.²¹⁰ Plaintiff claimed that the “Cambozola” trademark “is of such a nature as to deceive the public as to the nature, quality or geographical origin of the product for which it is registered and liable to be declared invalid under Article 3(1)(g) of the First Directive

quality or geographical origin of those goods or services.” Directive 89/104, *supra* note 113, art. 12(2).

206. *Consorzio*, 1999 ECJ LEXIS 1241, at *47 (opinion of Advocate General Jacobs).

207. *See id.* at *13. At the time of the registration of “Cambozola” in Austria (1983), it appears that Austria was bound by the Stresa Convention for the use of appellations d’origine and denominations of cheeses. *See id.* at *10 (opinion of Advocate General Jacobs). That Convention covered use of the name “Gorgonzola” effective June 1, 1954. *See id.* at *8. The Italian Government takes the view that the registration of “Cambozola” was not made in good faith since, before the registration of “Cambozola,” “Gorgonzola” was protected by international conventions to which Austria is or has been a party. *Id.* at *18. In 1983, when the trademark “Cambozola” was lodged in Austria, “Gorgonzola” was protected there just as it is now protected under the 1996 Community Regulation on designations of origin. *Id.* Thus, Austrian authorities should have refused to register “Cambozola” as a trademark. *Id.* at *19. The Commission maintains that the test of good faith turns on “whether the owner of the mark took all reasonable steps at the time of registration to satisfy himself that use of the mark was compatible with the national law (including any applicable international provisions) then in force”; such an assessment should be made by the national court. *Id.* at *50 (opinion of Advocate General Jacobs).

208. *Id.* at *19.

209. *See id.* at *22-*23. The Court stated that

it is not for the Court, when ruling on the interpretation of Regulation No 2081/92, to decide on the effect of the provisions of national and international law which protected designations of origin in Austria before such protection was guaranteed by Community law, nor, consequently, to glean the particular circumstances in which the application may have been submitted.

Id. at *19-*20.

210. Even if “Cambozola” was registered in good faith, Article 14(2) will not protect it if there are any grounds for invalidity or revocation of the trademark as provided by Articles 3(1)(g) and 12(2)(b) of the Trademarks Directive. *See id.* at *20.

89/104.”²¹¹ The Commission, on the other hand, urged a narrow interpretation of Article 3(1)(g) and Article 12(2)(b) of the First Directive 89/104, “since they constitute exceptions, on grounds of public policy, to the proliferation of types of trademark.”²¹² It further averred that neither the “Cambozola” trademark nor its use falls within the provisions of Articles 3 and 12 of the Directive and, therefore, its continued use should not be precluded.²¹³

However, instead of weighing the opposing arguments of the parties, the Court once again left this issue to the national court to apply the test to the facts of the case, stating:

Although the term “Cambozola,” which evokes the designation “Gorgonzola,” cannot on that ground alone be deemed liable to deceive the public . . . the assessment to be carried out with respect to the conditions for its use, presupposes consideration of the facts of the case, an exercise which falls outside the Court’s jurisdiction under Article 177 of the Treaty.²¹⁴

IV. ANALYSIS AND CRITICISM

The noted case advances the notion that “the free movement of goods does not preclude Member States from taking measures incumbent upon them in order to ensure the protection of designations of origin registered under Regulation 2081/92.”²¹⁵ A holding to the contrary would undermine the Regulation’s objectives of consumer protection and fair competition and, thus, would undermine the level of protection given to “Gorgonzola” by virtue of the Regulation.²¹⁶ Advocate General Jacobs’s view that Articles 3(1)(g) and 12(2)(b) of the Trademarks Directive should not be interpreted broadly is indicative of the growing need “to balance the conflicting interests of

211. *Conorzio*, 1999 ECJ LEXIS 1241, at *20. Note also that in light of this potential for consumer deception, the Italian Government further maintains that defendants cannot rely on Article 14(2) of Regulation 2081/92. *See id.*

212. *Id.* at *21.

213. *See id.*

214. *Id.* at *22. With regard to the exercise of Article 177 jurisdiction, see also Case C-313/94, *Graffione v. Fransa*, 1996 E.C.R. I-6039. In *Graffione*, the Court was referred for a preliminary ruling under Article 177 of the EC Treaty three questions on the interpretation of Articles 30 and 36 and Article 12(2)(b) of the First Council Directive 89/104. *See id.* at I-6055-56. The case involved an application made by *Graffione* to enjoin *Fransa* from using the “Cotonelle” trademark “on the ground that it infringed the Italian Trademark Law because it might mislead consumers into thinking that the products in question actually contained cotton.” *Id.* at I-6054. The Court, as in *Conorzio*, charged the national court with determining whether “the risk of misleading consumers [outweighed] the requirements of the free movement of goods and so justify [erecting] barriers to trade, unless that risk is sufficiently serious.” *Id.* at I-6059.

215. *Conorzio*, 1999 ECJ LEXIS 1241, at *22.

216. *See generally* Regulation 2081/92, *supra* note 141.

the trademark owner and those entitled to use the designation of origin.”²¹⁷

The policy considerations underlying this decision are apparent. Advocate General Jacobs implies the importance of the protection enjoyed by industrial and commercial property owners in the European Community, yet at the same time he cautions the national court that “it should be borne in mind that, as is the case with trademarks, an unduly high level of protection of geographical indications and designations of origin would impede the integration of national markets by imposing unjustified restrictions on the free flow of goods.”²¹⁸ It is possible that allowing Italy to protect its “Gorgonzola” designation against Austria’s “Cambozola” trademark, one that is phonetically similar in a similar sector of the market, does not represent an “unduly high level of protection” that would impede the integration of national markets by imposing unjustified restrictions on the free flow of goods. Still, however, the juxtaposition of these priorities illustrates the conflicts between an internal market interested in abolishing obstacles to the free movement of goods and the simultaneous, and equally important, need to provide a system of registration of geographical indications and designations of origin that will confer protection in every Member State.

While the Court ruled that the consortium of cheese producers was not precluded “from taking the measures incumbent upon them in order to ensure the protection of ‘Gorgonzola’ under Regulation 2081/92,”²¹⁹ it is the national court that is left with the ultimate task of striking the proper balance between the interest of parallel importers whose sales arguably promote an integrated European market, and the opposing cheese producers’ concern for the reputations of their designation of origin and trademark.²²⁰ The national court must, in particular, examine whether the risk of misleading consumers is “sufficiently serious” to be able to override the requirements of the free movement of goods.²²¹ Accordingly, upon referral back to the Handelsgericht, the Court will have the difficult task of assessing whether the capacity of the “Cambozola” trademark to mislead

217. *Conorzio*, 1999 ECJ LEXIS 1241, at *51 (opinion of Advocate General Jacobs); *see also* Regulation 2081/92, *supra* note 141, art. 14(2).

218. *Id.* at *57 (opinion of Advocate General Jacobs).

219. *Id.* at *22.

220. *See id.*

221. *See Graffione*, 1996 E.C.J. I-5998, at I-6059.

consumers will warrant its cancellation in the European Community as against the "Gorgonzola" designation.

The decision that will be made by the Handelsgericht has important policy implications as well. While the ECJ has already established that the term "Cambozola" evokes the designation "Gorgonzola," that evocation is not enough.²²² Advocate General Jacobs endorses the Commission's narrow interpretation of the rules laid out in the Trademarks Directive, "since they constitute exceptions, on grounds of public policy, to the proliferation of types of trademark."²²³ Jacobs's narrow interpretation of such public policy exceptions is indicative of the Community's interest in preserving the free movement of goods. However, one wonders how "Gorgonzola's" attempts to defeat its adversary "Cambozola" will fare in the national court under such an interpretation. Against a presumption of good faith on the part of the defendants, and against a requirement of "the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived,"²²⁴ it seems unlikely that Italy's efforts to quell the use of "Cambozola" will prove successful. Once again, this is a testament to the European Community's interest in preserving the free movement of goods.

While the protection of geographical indications and designations of origin for agricultural products is an important, yet controversial, principle within the European Community, the European model has significant implications for those outside the Community as well.²²⁵ The battle over the protection of geographical indications and designations of origin within the European Community is also being fought between Europe and the United States.²²⁶ The extent to which the United States has accommodated the appellation of origin as a legal concept can be explored in the

222. See *Consorzio*, 1999 ECJ LEXIS 1241, at *22.

223. *Id.* at *21; see also *id.* at *54 (opinion of Advocate General Jacobs).

224. *Id.* at *21.

225. See Lori E. Simon, *Appellations of Origin: The Continuing Controversy*, 5 J. INT'L L. BUS. 132 (1982). For example, a move toward more absolute protection of appellations of origin in the United States "would be consistent not only with trends in consumer protection legislation, but with the needs and demands of the growing United States wine industry." *Id.* at 136 (citing Beier, *The Need for Protection of Indications of Source and Appellations of Origin in the Common Market: The Sekt/Weinbrand Decision of the European Court of Justice of February 20, 1975*, 16 INDUS. PROP. 152, 153 (1977)). In addition, "the benefits from modifying United States practices to conform more closely with European standards would help standardize domestic nomenclature and would strengthen both the United States' relations with France, and its position in world trade." *Id.* at 156.

226. One commentator notes that "France and the United States are primary factions in the controversy over international agreement on appellations of origin." *Id.* at 133.

context of the French *Appellation d'Origine Controllee* (AOC) laws, the legal French equivalent of Regulation 2081/92 on designations of origin.²²⁷ Through these appellations of controlled origin (AOCs), France monitors the production methods of certain fine foods and beverages.²²⁸ This system “restricts the right to produce select wines and cheeses to a designated geographic region associated with those foods.”²²⁹ The French Government established localized control of AOC-regulated products, such as sparkling wine from Champagne and Roquefort cheese, “by requiring them to be processed in the same region where the raw agricultural commodities—grapes or milk—are produced.”²³⁰ The legal marketing of such products under a geographic appellation of origin is restricted to wines and cheeses produced in accordance with these rules.²³¹ The enforcement of these laws by the *Institut National des Appellations d'Origine* (INAO)²³² is intended to “present a consistent basic set of distinctive characteristics that are the hallmark” of a French wine region.²³³

While French and Community law illustrate “how vigorously French AOCs and European designations of origin are protected,”²³⁴ the AOC system’s full legal recognition in the United States is unlikely.²³⁵ An examination of American law reveals what “little respect the geographical indication has in the United States.”²³⁶ Whereas French law grants regulatory authority over a wide range of

227. See Jim Chen, *A Sober Second Look at Appellations of Origin: How the United States Will Crash France's Wine and Cheese Party*, 5 MINN. J. GLOBAL TRADE 29, 29 (1996).

228. See *id.* (citing Code de la Consommation art. L. 115-1 to -33 (Fr.)).

229. *Id.*

230. *Id.* For example, a wine labeled “Chablis” must originate “from the declared A.O.C. Chablis region located 110 miles southeast of Paris.” Kevin H. Josel, Note, *New Wine in Old Bottles: The Protection of France's Wine Classification System Beyond Its Borders*, 12 B.U. INT'L L.J. 471, 472 (1994) (citing ALEXIS LICHINE, NEW ENCYCLOPEDIA OF WINES AND SPIRITS 148 (1981)). Furthermore, a wine grown on certain areas within the Chablis region are declared A.O.C. *Grand Cru Chablis*, or the highest distinction, A.O.C. *Premier Cru Chablis*. See *id.* (citing LICHINE, *supra*, at 148). These A.O.C. wines are subjected to “official government tastings and oenological testing in order to ensure consistency among the wines produced within each region and to ensure compliance with A.O.C. laws.” *Id.* at 473 (citing LICHINE, *supra*, at 72-73).

231. See Chen, *supra* note 227, at 29.

232. The I.N.A.O. is the French governmental body in charge of “setting and administering the A.O.C. standards for each region,” as well as ensuring proper use of French regional appellations at the domestic and international levels. Josel, *supra* note 230, at 473 (citing Affidavit of Jerome Marie Patrick Louis Agostini, ¶¶ 21, 30, noted in *Institut National des Appellations D'Origine v. Vintners Int'l Co.*, 958 F.2d 1574 (Fed. Cir. 1992)).

233. *Id.* (quoting Affidavit of Jerome Marie Patrick Louis Agostini, ¶ 33, noted in *Institut National des Appellations D'Origine v. Vintners Int'l Co.*, 958 F.2d 1574 (Fed. Cir. 1992)).

234. Chen, *supra* note 227, at 41.

235. See *id.* at 29.

236. *Id.* at 42.

food and beverage products, the United States confines appellations of origin to wine.²³⁷ Furthermore, in the United States, the Bureau of Alcohol, Tobacco, and Firearms (BATF) regulates viticultural labeling and advertising, but “[t]here is no obligation to provide any evidence regarding the viticultural characteristics of the chosen political entity.”²³⁸ Thus, a bottle may be labeled “Georgia wine” if it contains seventy-five percent wine derived from fruit grown in Georgia, despite the significant fact that “‘the climate is wrong, there’s no history’ of winemaking, and the state consumes a miniscule 4.73 liters of wine per capita each year.”²³⁹ This lenient formula has allowed winemakers to enjoy use within the American market of “some of the most celebrated French AOCs,” such as burgundy, chablis, and champagne, even if they are not in compliance with French law.²⁴⁰ Clearly, the U.S. rules pertaining to designations of origin are weaker than the French rules, which offers support for the contention that American rules are lacking of a strong form of legal protection for geographical indications.²⁴¹ One commentator has noted that “the significant increase in the value of geographic indications of source resulting from rising standards of living, more sophisticated consumer tastes, and increased mobility, indicates that this may be the appropriate time to shift toward more stringent protection in the

237. *See id.* at 42.

238. *Id.* at 43. In contrast to the “highly detailed and strictly monitored” AOC system, the BATF system requires that in order for a region to qualify as an “Approved American Viticultural Area,” “it need only locate itself on the map as a ‘winemaking region’ with given boundaries, and demonstrate some minimal degree of reputation among the local populace as a winemaking region.” Josel, *supra* note 230, at 474 (citing 27 C.F.R. § 9.23 (1993)). The regulations make no mention of soil or mineral requirements, restrictions on maximum grape output, or periodic quality control testing requirements. *See id.* The wine labeling regulations are governed by § 4.24, which sets forth four categories of foreign regional appellations: (1) “generic,” (2) “semi-generic,” (3) “nongeneric and not distinctive,” and (4) “nongeneric and distinctive.” 27 C.F.R. § 4.24 (1993). *See id.* at 475. This system has been criticized as establishing inconsistent quality standards for classification. *See id.* at 476. For instance, semi-generic marks may be used notwithstanding the true origin of a product, with the one stipulation that the product be labeled plainly with the actual origin. 27 C.F.R. § 4.24 (b)(1). Examples of semi-generic names are Chablis, Champagne, and Sauterne. *See id.* § 4.24 (b)(2). These appellations are “highly respected and highly priced AOC regions,” and yet United States law categorized them as “semi-generic.” Josel, *supra* note 230, at 475. In addition, the BATF curiously places the region of AOC *Sauternes* and its smaller, more esteemed inner region of AOC *Haut Sauternes* under the same “semi-generic” category. *See id.* Such a classification system lends itself to unjustly allowing “American winemakers to sell an entire line of domestically-grown wine products . . . with centuries-old AOC regional classifications on their labels.” *Id.* at 477.

239. Chen, *supra* note 227, at 43 (quoting Anita Sharpe, *Georgia Wine? Why the Very Thought Comes as a Surprise*, WALL ST. J. EUROPE, July 4, 1995, at 1, 5).

240. *Id.* at 50.

241. *See* Simon, *supra* note 225, at 141.

United States.”²⁴² The European Community, through Regulation 2081/92, has recognized these trends in offering protection to “Gorgonzola” cheese, the subject of the noted case. The United States should at least attempt to “avoid the confusion that results when one nation’s system tramples on another’s, to the detriment of both.”²⁴³

The restricted enforceability of foreign appellations of origin in the United States becomes apparent in the *Vintners*²⁴⁴ decision. In *Vintners*, the United States Patent and Trademark Office permitted an American Company to register a trademark for “Chablis with a Twist,” together with the phrase “California White Wine with Natural Citrus.”²⁴⁵ The Court held that the “Chablis with a Twist” mark was not precluded from trademark registration under section 2(a) or section 2(e)(2) of the federal Lanham Trademark Act of 1946.²⁴⁶ While the Court found that the INAO presented evidence to illustrate that “Chablis” is the name of a French region and a designation used exclusively for wines originating from that region, it declared that the “INAO failed to establish whether the relevant portion of the American public, that portion being consumers of wine and wine products, would perceive the mark ‘Chablis with a Twist’ or even the term ‘Chablis’ to indicate that the product came from the Chablis region of France.”²⁴⁷ The Court further ruled that “Chablis” in the United States is the “generic name for a type of wine with the general

242. *Id.* at 135-36 (citing Beier, *The Need for Protection of Indications of Source and Appellations of Origin in the Common Market: The Sekt/Weinbrand Decision of the European Court of Justice of February 20, 1975*, 16 INDUS. PROP. 152, 153 (1977)).

243. Josel, *supra* note 230, at 495.

244. See *Institut National des Appellations d’Origine v. Vintners Int’l Co.*, 958 F.2d 1574 (Fed. Cir. 1992).

245. See *id.* at 1576.

246. See *id.* at 1582. The INAO contended that the mark was “geographically deceptive” under § 2(a) and “primarily geographically deceptively misdescriptive” under § 2(e)(2). See *id.* at 1576. Section 2(e)(2) of the Lanham Act prohibits the registration of a mark which, “when applied to the goods of the applicant, is primarily geographically deceptively misdescriptive.” See *id.* at 1580. A mark is primarily geographically deceptively misdescriptive if two conditions are satisfied: (1) the primary significance of the mark as used is a generally known geographic place and (2) the public makes a critical “goods/place association” in that “it believes that the goods . . . originate in that place.” See *Vintners*, 958 F.2d at 1580 (citing *In re Societe Generale des Eaux Minerales de Vittel, S.A.*, 824 F.2d 957, 959 (Fed. Cir. 1987)). A violation of section 2(a) of the Act may be established by showing, first, that a mark is primarily geographically deceptively misdescriptive under section 2(e)(2), and second, that the geographic misrepresentation is material to the decision to purchase the goods so marked. *Id.* (citing *In re House of Windsor, Inc.*, 221 USPQ 53, 56-57 (TTAB 1983)).

247. *Vintners*, 958 F.2d at 1580-81. In order for a foreign appellation of origin to receive protection under American law, “the mark as a whole must be perceived by consumers in this country to be the name of a place where the citrus wine product originates or is produced.” *Id.* at 1581.

characteristics of French Chablis.”²⁴⁸ As support for its conclusion that the word “Chablis” was “generic and, therefore, in the public domain,” the Court relied in part on the BATF’s classification of “Chablis” as a semi-generic geographic designation for wine.²⁴⁹ Unfortunately, the term “Chablis” is not the only term of foreign origin to fall prey to generic terminology in America. American courts would most likely classify the following wine and cheese names, in light of the frequent imitation of these products in the United States, as generic designations: Burgundy, Champagne, Sauterne, Camembert, and Roquefort.²⁵⁰ Thus, while Europeans must work hard to protect their designations of origin as against the competing interest of the free movement of goods within the European Community, it cannot be disputed that they have their work cut out for them in the United States as well.

One commentator attributes the reluctance of the United States to embrace the strict European model of protection to the religious disparities between the primarily Catholic countries of southern Europe and the Protestant, Anglo-Saxon origins of the American legal system.²⁵¹ In France and Italy, for instance, the “notion of ‘quality’ embodied by the AOC comprises ‘the flavor, the excellence, and the authenticity of the land,’” whereas quality in American legal terms is “above all synonymous with security, with a regularity that follows a trademark more closely than it does a geographical indication.”²⁵² Another factor which may explain the resistance of Americans to move toward more absolute protection of designations of origin is the divergent agricultural policies between American and European countries.²⁵³ Whereas American courts have occasionally “balked at granting farmers and their cooperatives the degree of monopoly power needed to integrate an entire line of food processing into their

248. *Id.* at 1582.

249. *Id.* The Court noted that “the term ‘Chablis’ [is not] used in the United States as anything other than a generic name for a type of wine with certain general characteristics.” *Id.* at 1582. One commentator, referring to the “Chablis with a Twist” trademark as a “compound mark,” voiced an objection to the “disturbing success” American winemakers have enjoyed in registering “trademarks for wine products with names that contain direct references to *Chablis* and other AOC regions of France.” Josel, *supra* note 230, at 483. Furthermore, the *Vintners* decision has been described as “the strongest case yet for an immediate change in the current BATF regulations on the classification and labeling of wines,” as the court’s decision was partially guided by the BATF’s “faulty hierarchy of classifications.” *Id.* at 485.

250. *See* Chen, *supra* note 227, at 52.

251. *See id.* at 41-42.

252. *Id.* at 41 (quoting Veronique Romain Prot, *Origine Geographique et Signes de Qualité: Protection Internationale*, 237 REVUE DE DROIT RURAL (manuscript at 2)).

253. *See id.* at 35-36.

business portfolios,” the AOC system, for instance, endows French farmers with such “monopoly power over clearly segmented markets for certain fine foods.”²⁵⁴ Another commentator notes that “United States trade law traditionally has been concerned with protecting the consumer from deception, whereas French law centers on the interests of the products or manufacturers and the improper use of their marks by other producers.”²⁵⁵

The American right of commercial free speech may also be a bar to full acceptance of geographic indications.²⁵⁶ For instance, a statute that required the BATF to prohibit use of the name Crazy Horse on any distilled spirit, wine, or malt beverage²⁵⁷ was invalidated by a federal court on grounds that the government had not adequately proved “that the use of a revered Native American name may cause any discernible increase in alcohol consumption among Native Americans.”²⁵⁸ The Court, in conducting a commercial speech inquiry, determined that the Crazy Horse label was commercial speech protected by the First Amendment of the United States Constitution.²⁵⁹ While the Court conceded that protecting citizens from alcohol-related problems is a substantial government interest,²⁶⁰ the Government failed to establish that proposed prohibition was “narrowly tailored to the government’s interest.”²⁶¹ Thus, the First Amendment precluded enforcement of the ban.²⁶² Surely, France and its European sister states would balk at this apparent freedom to

254. *Id.* at 36.

255. Simon, *supra* note 225, at 135.

256. *See* Chen, *supra* note 227, at 47.

257. *See* Hornell Brewing Co., Inc. v. Brady, 819 F. Supp. 1227, 1231 (E.D.N.Y. 1993) (quoting Pub.L. 102-393, § 633, Oct. 1, 1992). In February 1992, the BATF authorized the bottling and distribution of plaintiff brewing company’s Crazy Horse Malt Liquor, which featured the highly revered Oglala Sioux leader Crazy Horse. *See id.* at 1229, 1230 n.2. The introduction of this product sparked a heated debate in Congress, inciting claims that plaintiff engaged in “insensitive and malicious marketing,” as Crazy Horse had a reputation for urging his tribe not to drink alcohol. *See id.* at 1230. Plaintiff Hornell’s refusal to discontinue Crazy Horse Malt Liquor was the impetus for the enactment of Pub. L. 102-393, § 633, after which Hornell sought a preliminary injunction to prevent defendants from enforcing the statute. *See id.* at 1231.

258. *Id.* at 1237.

259. *See id.* at 1233.

260. The Government, and the defendants, assert that since Crazy Horse was an esteemed cultural and spiritual Native American leader, the use of his name on a malt liquor would increase the demand of the product and stimulate drinking as a tributary mechanism. *See id.* at 1235, 1238.

261. *Id.* at 1239. The Court offered “sensible alternatives” that would not impose direct limitations on free speech, such as “an additional warning on the Crazy Horse bottle informing Native Americans of the dangers of alcohol . . . and its effects in Native American communities.” *Id.*

262. *See* Hornell, 819 F. Supp. at 1245-46.

exploit names or images associated with a geographic or ethnically distinct group in the name of commercial free speech. The United States stands to learn much from a European model that protects both "geographic and human factors,"²⁶³ even at the expense of the free movement of goods. In the meantime, it is apparent that the absolute acceptance of the French AOC system, or the principle of protecting appellations of origin in general, faces several obstacles in America.

In light of the aforementioned failure by the United States to protect French appellations of origin, one American commentator has concluded that "[w]hat is needed is not a uniform wine labeling law that imposes one set of rules on all countries, but rather an agreement not to allow one nation's system to dilute or undercut the integrity of another's."²⁶⁴ Such a view was manifested through an agreement between the United States and France that the former would recognize the French AOCs "Cognac" and "Armagnac" in exchange for the latter's reciprocal treatment of "Bourbon" and "Bourbon Whisky."²⁶⁵ The agreement stipulates that an American company is prohibited from calling its product "California cognac" or "cognac-style liqueur, made in the U.S.A."²⁶⁶ The scope of such an agreement seems rather limited considering that "[d]isclosure of the product's actual origin does not cure the infringement of the French AOC," and the fact that other French AOCs remain devoid of such legal protection in the United States.²⁶⁷ A similar and more recent exchange of letters between the United States and the European Community accomplishes the reciprocal protection of certain distilled spirits and spirit drinks.²⁶⁸ Complementary to the previous agreement between France and the United States, this accord offers strict U.S. protection to the appellations "Scotch whisky," "Cognac," "Armagnac," and

263. Chen, *supra* note 227, at 43.

264. Josel, *supra* note 230, at 495.

265. See Chen, *supra* note 227, at 54 (citing Veronique Romain Prot, *Origine Geographique et Signes de Qualite: Protection Internationale*, 237 REVUE DE DROIT RURAL (manuscript at 6) (citing 12 decembre 1970, 18 janvier 1971, D 71-448 du 11 juin 1971 (J.O. 16 juin)). This reciprocal protection was established through an exchange of letters between the French Minister of Foreign Affairs and the United States Ambassador to France on December 2, 1970, and January 18, 1971, respectively. See Council Decision (EC) 94/357 of February 24, 1994 on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and the United States of America on the mutual recognition of certain distilled spirits/spirit drinks, art.2, (1994) O.J. (L 157) 36.

266. Chen, *supra* note 227, at 54.

267. *Id.*

268. See Agreement in the form of an Exchange of Letters between the European Community and the United States of America on the mutual recognition of certain distilled spirits/spirit drinks, May 24, 1994, (1994) O.J. (L 157) 37-40.

“Calvados,”²⁶⁹ in exchange for the European Community’s vow to restrict its use of the following product designations: “Tennessee whisky/Tennessee whiskey,” “Bourbon,” and “Bourbon Whiskey.”²⁷⁰ While these agreements signify international attempts to achieve mutual respect of certain spirit designations, one commentator notes that “[a]side from such occasional agreements such as th[ese], the United States wine industry currently enjoys a competitive advantage in generics because of the free use of generics and semi-generics.”²⁷¹

The recently-enacted TRIPS Agreement²⁷² seems to provide the most promising remedy against the infringement of geographical indications to date.²⁷³ However, with the United States’ agreement to protect names for well-known Community products, this protection is limited as a result of the three key exceptions which weaken the agreement.²⁷⁴ By virtue of these exceptions, it would seem that use of the disputed “Chablis With a Twist” trademark in *Vintners* would be permissible.²⁷⁵ In addition, U.S. compliance with the TRIPS Agreement is questionable as a result of two Lanham Act amendments passed by Congress in response to the adoption of Articles 23 and 24 of the agreement.²⁷⁶ One amendment²⁷⁷ is not compliant with TRIPS in that it “expressly insulates marks used by an applicant in the first year after the WTO Agreement enters into force in the United States.”²⁷⁸ Furthermore, while the registration of unauthorized geographical indications is prohibited by the amendment, there is no equivalent protection for “a nonconfusing use of a trademark or geographical indication.”²⁷⁹ A “grandfather clause” of the amendment also deviates from Article 24 of TRIPS by

269. See *id.* at 38. Use of these designations is restricted for “distilled spirits/spirit drinks products of the Member States of the EC, produced in compliance with Council Regulation (EEC) No. 1576/89 and with the laws of the Member States in which those products originate.” *Id.*

270. See *id.* at 37. These names are restricted for “distilled spirits/spirit drinks products of the USA produced in compliance with the laws and regulations of the USA (27 CFR 5.22 or an equivalent successor regulation).” *Id.*

271. Simon, *supra* note 225, at 153 (citing Benson, *Wine Briefs: The Generic Problem*, 62 A.B.A. J. 129, 130 (1976)). In addition, the United States benefits from “domestic regulations prohibiting United States importation of wines labeled in violation of the exporting country’s laws, most of which prevent similar use of generics.” *Id.*

272. See TRIPS, *supra* notes 178-183.

273. See Chen, *supra* note 227, at 55.

274. See TRIPS, *supra* notes 178-183. These exceptions are found in Articles 24(4), 24(5) and 24(6). See *id.*

275. See Chen, *supra* note 227, at 57.

276. See Heald, *supra* note 184, at 650-51.

277. 15 U.S.C. 1052(a)(Supp. 1995).

278. Heald, *supra* note 184, at 651 (citing 15 U.S.C. 1052(a) (Supp. 1995)).

279. *Id.*

“permit[ting] the registration of a mark comprising a geographical indication that was adopted before the United States had been a member of the WTO for one year.”²⁸⁰ By providing a more lenient threshold for the registration of marks and geographical indications, French wine makers have good cause to “worr[y] about whether they have really gained any ground in protecting their regional appellations in the United States.”²⁸¹ Thus, it would seem that the United States has not conceded much to the European Community through the TRIPS agreement, and that each party still remains at opposite ends of the spectrum.

V. CONCLUSION

In *Conorzio*, the European Court of Justice interpreted Articles 30 and 36 of the EC Treaty in accordance with “the present state of Community law.” This reference “suggests that a less lenient view may perhaps be taken once the national laws on industrial property have been brought into closer harmony with each other.”²⁸² For now, we can only be certain that the ECJ’s opinion is consistent with other Court decisions promoting the protection of industrial and commercial property rights. While it still appears that the maintenance of the internal market and the free flow of goods is the most important consideration, the growing demand in the European Community for agricultural products or foodstuffs with an identifiable geographical origin must not be undermined. Accordingly, the ECJ must ensure that the protection of industrial and commercial property established through Regulation 2081/92 is not rendered meaningless by an overly broad interpretation of the free movement of goods. While the future of geographical indications and designations of origin remains to be seen, the world will keep close watch over the ECJ as it attempts to strike a balance within a European Community torn between two important objectives.

The acceptance of appellations of origin in the United States will also be closely watched as the next round of negotiations between the Community and the United States approaches. Despite the progress

280. *Id.* (citing 15 U.S.C. 1052 (Supp. 1995)).

281. *Id.* at 652. Additional cause for worry is new U.S. legislation on the designation of wines which allows U.S. wine makers to use semi-generic designations on wine not produced in that area, with only the few stipulations that they disclose the authentic place of origin that corresponds with the borrowed indication and the wine comports with the standard of identity specified in the regulations. *See* 26 U.S.C.A. § 5388(c)(1)(B) (West Supp. 1998). The enactment of such wine legislation has incited claims by the European Community that the United States is in blatant violation of the TRIPS Agreement. *See* Lindquist, *supra* note 177, at 310-11.

282. WYATT & DASHWOOD, *supra* note 12, at 498.

made through the recent TRIPS agreement, many commentators remain skeptical of America's full recognition of the appellation of origin as a legal concept.²⁸³ We can only hope that the United States will abandon its legal and cultural hostility to appellations of origin, and grow to recognize and respect European designations of origin as do the Community's own citizens. The dilution or other misuse of foreign designations of origin should not be tolerated in the United States or abroad. Continued mistreatment of these sacred foodstuff names will mean the end of "Gorgonzola" as we know it.

Jenny Mosca

283. See generally Chen, *supra* note 227.