

GEOGRAPHICAL INDICATIONS IN MACEDONIAN LAW

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ABSTRACT

This paper analyses the main aspects of Macedonia's legislation on geographical indications (GIs) in the context of the country's accession to the European Union (EU). The provisions of the following laws are analysed: Law on Industrial Property; Law on Quality of Agricultural Products; and the Law on Wine. Several aspects are outlined including concepts, terminology and procedures for protection. Comparisons between individual, collective and certificate trademarks are also highlighted. The economic value that GIs create for consumers in Macedonia is discussed alongside State measures for the promotion of GIs, especially in the food and wine industries.

Introduction

Beyond their legal meaning as a special category of industrial property rights, geographical indications (GIs) also have a significant economic significance. The purpose of GIs is to alert the consumer that particular products have special characteristics. The characteristics of these products are necessarily the results of natural conditions and traditional knowledge of a certain geographical region. This makes GIs a guarantee for a certain level of quality for which products of the region are known.

The transitional economies of South-Eastern Europe, including Macedonia, have strong vested interests in GIs. Macedonia has an abundance of unique products which may become competitive in domestic and foreign markets through GI protection.

Since Macedonia is an aspiring candidate for EU membership, the main framework for the protection of GIs is determined according to the standards set out in EU legislation. For this reason, a short review of the GIs in the European Union is also presented.

Geographical indications in EU legislation

The following regulations are the most relevant to GIs in the European Union. Regulation 1576/89 covers the general rules on the definition, description and presentation of spirit drinks. Regulation 2392/89 provides similar coverage, but for wines and grape musts. The protection of GIs and designations of origin for agricultural products and foodstuffs are provided for by Regulation 2081/92, while agricultural products and foodstuffs are covered by Regulation 510/2006.¹ These

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¹ Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs, Official Journal of the European Union, [2006] L 93/12 31.3.

regulations represent the entire scope of protection and relevant procedures with respect to GI protection in the European Union.

The last of the aforementioned regulations covers two groups of products, namely, agricultural products and foodstuffs (Table 1).² The case-law of the European Court of Justice (ECJ) is also significant, especially with regard to cases involving the following products: Prosciutto di Parma³, Gorgonzola⁴, Feta Cheese⁵, Tokaj/Tocai⁶, Parmigiano⁷, Budweiser⁸ and others. These cases have strengthened and clarified the concept of GIs in the European Union.

Table 1: Products Covered by Regulation 510/2006

Type of products	
Agricultural products	Foodstuffs
Hay	Beer
Essential oils	Beverages from plant extracts
Cork	Bread, pastry, cakes, confectionery and other baker's wares
'Cochineal' (raw product of animal origin)	Mustard paste
Flowers and ornamental plants	Pasta
Wool	
Wicker	
Scutched flax	

² R. Serra, 'Geographical Indications: A Success Story of European Agriculture', International Symposium on Geographical Indications, Beijing, 2007.

³ Official Journal of the European Union J C 171, 19 July 2003, page 6.

⁴ European Court reports 1999, page I-01301, Case C-87/97.

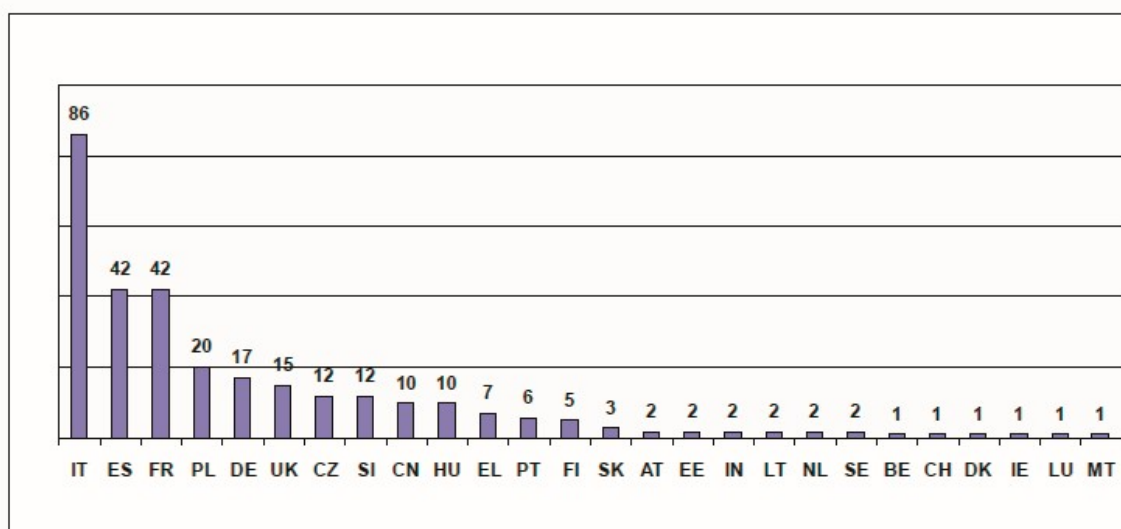
⁵ Official Journal of the European Union 2006/C, 86/01.

⁶ Official Journal of the European Union C 182/8, 23 July 2005.

⁷ Official Journal of the European Communities, C 191/4, 10 August 2002.

⁸ Official Journal of the European Union, C 7/6, 10 January 2004.

Chart 1
Applications for Registration under Regulation 510/2006 by Country until 31 August 2008
 Source: EU Commission



The European legal framework for GIs has been built through the widespread use of GIs in the region. This is particularly so for countries with the highest levels of registered GIs and indications of origin (Chart 1). The economic effect in Italy, Spain and France is most visible in terms of their widespread use of GIs. For example, in 2003, 85 per cent of the wines exported from France were formally registered as GIs. Such products support the livelihoods of some 138,000 farmers in France and more than 300,000 employees in Italy.⁹

The latest group of new EU members have also started using the registration system in accordance with Regulation 510/2006. Bulgarian Yogurt and Han Krum Traminer wine have already been registered as GIs in the European Union.¹⁰ In terms of the distribution of GIs by product, it is noticeable that the largest number falls under the Protected Designation of Origin (PDO) for cheese and olive oil (Chart 2).¹¹

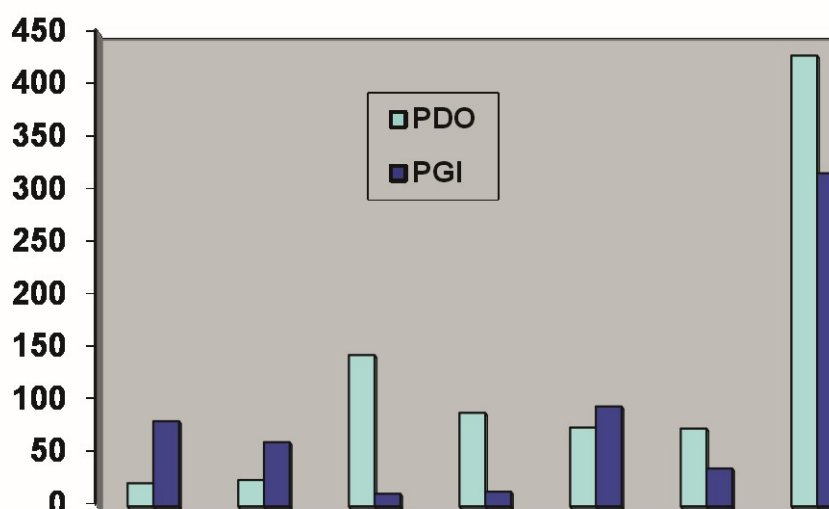
⁹ Intellectual property, Why Do Geographical Indications Matter to Us?, Brussels, 30 July, 2003 [online]. Available at

<http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/geographical-indications/> [Accessed on 21 November 2010].

¹⁰ M. Blakeney, 'The Protection of Geographical Indications After Doha', (2006).

¹¹ R. Serra, 'Geographical Indications: A Success Story of European Agriculture', International Symposium on Geographical Indications, Beijing, 2007.

Chart 2
Distribution of PDOs and GIs in the European Union until May 2007
 Source: European Commission



Provisions for 'Geographical Names' (Appellations of Origin and Geographical Indications) in Macedonian legislation

Currently, Macedonian legislation uses the term 'geographical names', which encompasses appellations of origin and GIs. The function of 'geographical names' is to protect the products produced by natural or legal persons in certain regions. In the *Industrial Property Law of 1993*¹², the Macedonian legislation stipulated that the 'appellation of origin' classification constituted a higher level of protection. In the *Industrial Property Law of 2002*¹³, GIs were added. They were accorded a 'lower' level of protection. The adoption of the term was influenced by the legal terminology of the European Union. The *Law on Industrial Property (IPL) from 2009*¹⁴, reaffirmed this terminology.

Conditions for protection of 'Geographical Names'

In the Macedonian market, a broad range of products from certain countries, regions or places may be designated with 'geographical names'. They may be natural products (marble, granite, jewels), agricultural (grapes, coffee, beans, lentils, olives, rice, fresh meat); industrial (wine, beer, cheese,

¹² Official Gazette of RM, No. 42/93.

¹³ Official Gazette of RM, Nos. 47/2002, 42/2003, 9/2004, 39/2006 and 79/2007.

¹⁴ Official Gazette of RM, No. 21/2009.

meat products); products of artisanship (water jugs, baking dishes); handicrafts (embroideries, lace), etc.

In accordance with Article 223 of the Law on Industrial Property, 2009¹⁵, an appellation of origin or a GI may not be used to protect a 'geographical name' that has become generic through long-term use, or that is commonly known for designating a certain type of product (e.g. fayance, ceramic, Persian carpet).

The IPL lists other categories of products that may not be registered as 'geographical names'. The first includes names of places that may lead to confusion about the product's origin, quality, its manner of production, or other qualities. Other categories of names that are precluded from registration include those that are similar to those of plants or animals, those that are identical to pre-existing trademarks, and those that generally pose a risk of consumer confusion (Article 189).

Appellations of Origin

Pursuant to the IPL, 2009, a product marked with an appellation of origin needs to fulfil several conditions. First, it must originate from a particular region. Second, the quality and characteristics of the product must result exclusively or predominantly from the geographical area. This includes human factors, such as production, processing, preparation methods and techniques that are unique to a particular geographical area. In such cases, the raw materials may come from another area, but only if the region in which the raw materials are produced is well defined, and special production conditions are applied. Hence, with appellations of origin, in addition to having specific geographical roots, the traditional manner of production and other human factors must also be central to the final quality and special characteristics of the product.

Geographical Indications

GIs have a lower threshold for protection than appellations of origin. A product may be marked as a GI only if the quality, reputation or other characteristics may be ascribed to the geographical origin, or if the production and/or the processing and/or the preparation take place in a specific geographical area. Therefore, geographical names that do not fulfil the conditions for an appellation of origin may be registered as GIs.

Procedures for the protection of appellations of origin and geographical indications under the IPL

According to Article 239 of the IPL, the procedure for protecting appellations of origin and GIs begins with the submission of an application. This may be made by natural or legal persons that are Macedonian or foreign nationals. Applicants may be individual producers, or associations of producers, State bodies, local self-governing entities, chambers of commerce, or other collective entities.

The contents of the application are precisely defined. In the case of appellations of origin, the application must be completed on a prescribed form in addition to an elaboration¹⁶ prepared by an

¹⁵ Law on Industrial Property, Official Gazette of RM, No. 21/2009.

¹⁶ The elaboration contains the geographical name; the history of production; data on the geographic area; professional description of the procedure for production; special characteristics and quality of the product; volume of annual production and product controls (by whom and how often). The content of the elaboration is prescribed by a Rulebook on Appellations of Origin and Geographical Indications, enacted by the Macedonian

authorized institution. With GIs, an applicant would need to complete a prescribed form. The process of acquiring appellations of origin and GIs is completed when a decision is passed by the national IP office, and the name is listed in the registry (IPL, Article 245). The application for the right to use the name must contain an appropriate elaboration for the product (IPL, Articles 240 and 241). The registration lasts for five years from when the decision is passed. It may be extended for an unlimited number of times, provided that all the prerequisites are met (IPL, Article 246).

Geographical names are different from other intellectual property rights in two key ways. First, unlike patents for example, the protection provided by geographical names is of unlimited duration. Second, the right is collective, meaning that it may be used by all producers in the particular region who fulfil the conditions for marking their products with the respective geographic name.

The beneficiary of the appellation of origin or the GI has the right to use it for marking the protected product, its packaging, as well as its business and marketing materials (IPL, Article 257). The right to use the geographical name may not be transferred, mortgaged or be subject to any deviations from its conditions (IPL, Article 258). The beneficiary may ask for an injunction against unauthorized use; use of the name by a product from another region; use that is harmful for the reputation of the name or similar abuses; and misinformation that leads to confusion regarding the origins of a product (IPL, Article 259). The right to use the geographical name may be revoked if the conditions upon which the registration was made have ceased to exist (IPL, Article 262).

Geographical Indications and Appellations of Origin for agricultural products

As of 21 October 2010, a new *Law on Quality of Agricultural Products* (LQAP) was enacted to encourage the national and international registration of GIs and appellations of origin relating to agricultural products. This law was driven by the significance of these products to the Macedonian economy. As influenced by EU legislation, a 'guaranteed traditional specialty' could also be registered for agricultural or food products with distinctive, well-known characteristics.

LQAP contains detailed provisions on the procedures for registration before the competent State organ (Ministry of Agriculture) and the registers (IPL, Articles 147-150) as well as the contents of the appropriate Elaboration and Specification of the product (Articles 145, 146, and 152) etc. According to LQAP, the provision on an EU-level registration will be in force on the day of Macedonia's accession to the body (Articles 159, 160, and 178).

In order to bolster the potential economic benefits from agricultural products marked with geographical names, the Republic of Macedonia also provides financial assistance for Small and Medium-sized Enterprises (SMEs) and the business community in general. For instance, in 2010 a portion of the €100,000,000 provided for financial support to the agriculture sector was aimed at the introduction of security and quality standards.¹⁷ This included compensation for the costs of producing products marked with geographical names as well as financial support based on either the

Industrial Property Protection Office. See Article 5 of the Rulebook on Appellations of Origin and Geographical Indications, Official Gazette of the Republic of Macedonia No. 102, (2009).

¹⁷ Kako ke se finansiraat voveduvanjeto standardi za bezbednost vo zemjodelsko proizvodstvo i kontrola na kvalitet? (2010). [online] Available at <http://www.mzsv.gov.mk/?q=node/244> [Accessed on 4 December 2010].

quantity of the products sold, or the Elaboration approved alongside the registration of the geographical name.¹⁸

Geographical Indications in the Macedonian wine industry

A relevant source regarding the geographical indication of wines in the Republic of Macedonia is the *Law on Wine*¹⁹, or more precisely the provisions in Chapter V (Wines Marked with Geographical Indications), Articles 41, 42 and 43. Pursuant to these articles, the classification of wines in Macedonia entails regional wines, wines with controlled origin, and wines with controlled and guaranteed origin.

The relationship between 'Geographical Names' and trademarks

The similarities between geographical names and trademarks are evident through their economic functions. The function of the trademark is to distinguish the products or services of one entity from those of competitors. Similarly, geographical names also distinguish certain products by associating their characteristics with their unique origins. Also, as with trademarks, GIs produce value, as consumers may be ready to pay a higher price for a product because of its association with a particular geographical location.²⁰

However, unlike trademarks, which are tied to individual producers, geographical names are subject to communal ownership. Further, while trademarks are creations of the producer, as a toponym, the geographical name is a pre-existing category.

However, there are fundamental differences between collective and certification marks on one hand, and geographical names on the other. In contrast to geographical names, which are available to all producers who meet the legally prescribed conditions, the right to use a collective or certification mark derives from the joint contractual document signed by the producers.

In Macedonia, the LQAP provides that an application for a trademark will be refused if it is similar to that for a geographical name. An existing registered trademark can be used if it was registered before a geographical name application was submitted. Table 2²¹ highlights the differences and similarities between trademarks and geographical names. This comparative analysis is also applicable to the Macedonian context.

¹⁸ The financial support is coordinated by the Agency for Financial Support of Agriculture and Rural Development. For details on the amount of financial support visit <http://www.ipardpa.gov.mk/> and <http://www.mzsv.gov.mk/>

¹⁹ Official Gazette of RM, No. 50/2010.

²⁰ P. Kole, 'Geographical Indications: Creating Value through Connecting Products with Geographical Origin', WIPO International Symposium on Geographical Indications, June 2007, Beijing, China.

²¹ B. Sylvander, 'Protecting Geographical Indications: an International Comparison of Schemes and Systems', Conference on Food Quality Certification – Adding Value to Farm Products, Brussels, February 2007.

Table 2
Differences Between Trademarks and Appellation of Origin
or Geographical Indications
(Source: Sylvander)

Characteristics	Trademark	Appellation of origin/ Geographical indication
Distinctive sign	Creation: fancy/new name. TM is distinctive	Determined by the pre-existing geographical and human know-how
Quality	No necessary link to quality, unless search of reputation	Identifier guaranteed by the State, quality linked with origin
Ownership	Owner (individual or collective in the CTM case) Transfer is possible (within certain limits for CTM)	Public ownership Inalienable Cannot become generic
Registration	First in time, first in rights (<i>Qui prior est tempore potior est iure</i>)	Procedures, claims, oppositions, register
Use	Mostly private (unless collective TM and Certification TM)	Mostly collective
Conditions of use	Free, but not deceptive Rules for CTM and collective TM Closed (TM and collective TM) Open (CTM)	Comply with the conditions stated in the Codes of Practice
Duration of use	Limited in time (10 to 20 years) Must be renewed	Permanent
Protection	Private Passing off (the plaintiff has the burden of proof)	Public Ex officio protection

Potential conflicts may arise in cases where registered trademarks are similar to geographical names that have yet to be formally registered. This could lead to consumer confusion. There is an ongoing discussion in the European Union about the possibility of granting trademark holders the right to prevent the registration of geographical names that could lead to consumer confusion.²²

Conclusion

Based on the views presented regarding geographical names, it may be concluded that their strategic role in Macedonia has several dimensions. First, appellations of origin and GIs enable the

²² M. Blakeney, 'Controversial Aspects of Geographical Indications, Queen Mary Intellectual Property Research Institute, (2006).

differentiation of the products on the market. Practically, this lends the geographical name a degree of 'extraterritoriality' in that it allows the promotion of products on markets beyond the national borders. This is an advantage over other forms of intellectual property.

Second, from an economic standpoint, the geographical name creates value because consumers are prepared to pay a higher price due to the qualities resulting from the connection between the product and a particular geographical area. Third, geographical names contribute to the preservation of biodiversity, local skills, and natural resources. They also have a positive impact on tourism.

It should be noted that geographical names play a significant role in the Macedonian economy, especially in the food and wine industries. Hence, alongside other economic measures, it is necessary to stimulate and secure the protection of GIs. Educating organizations and business communities will be important for creating awareness of this issue, and will assist the acquisition and dissemination of knowledge to individual producers.

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