

WORLD TRADE ORGANIZATION

*Panel established pursuant to Article 6 of the
Understanding on Rules and Procedures Governing the Settlement of Disputes*

***EUROPEAN COMMUNITIES – PROTECTION OF
TRADEMARKS AND GEOGRAPHICAL INDICATIONS
FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS***

(WT/DS290)

Second Panel hearing: Oral Statement by Australia

Geneva, 11 August 2004

1. The EC has not rebutted the *prima facie* case made by Australia with respect to the inconsistencies of the EC's measure with the EC's WTO obligations. Instead, the EC has made a number of arguments that are unsubstantiated, incorrect, or simply irrelevant with regard to the actual claims and arguments put forward by Australia.
2. Our statement today will therefore recap some of the key elements of our claims and arguments, particularly to highlight areas where the EC has implicitly or explicitly accepted the validity of our arguments. We note that this statement forms a part of Australia's argumentation in this dispute – it is not intended as a summary of our entire case. Our case in total would include of course all the material we have submitted to the Panel directly, or via endorsement of arguments made by the US in this dispute.

THE MEANING OF REGULATION NO. 2081/92

3. The EC argues that "... due account must ... be taken of the meaning which is given to the measure in question by the authorities of the Member concerned".¹ In support of its argument, the EC says that the Panel in *US – Section 301* found that "considerable deference must be given to the explanations given by the Member concerned as to the meaning of its own measure".² In fact, the EC's characterisation of the Panel's findings in that dispute is not accurate. What the Panel actually said was that "... any Member can reasonably expect that considerable deference be given to its views on the meaning of its own law".³ There is a considerable difference in the meaning of deference that must be given and deference that can be "reasonably expected".
4. In the *US – Section 301* dispute, the Panel found as it did on the basis of an interpretation of those provisions that was legally authoritative in domestic law. In the present case, however, the EC has no such legally authoritative interpretation of the meaning of the provisions at issue to offer to show that Australia's interpretation of the meaning of Regulation 2081/92 in accordance with the EC's own rules of interpretation is flawed.
5. Australia has demonstrated the proper meaning of the provisions of Regulation 2081/92 in the context of EC domestic law. Australia has demonstrated the meaning based on a consistent pattern of statements by

¹ Second Written Submission of the EC, paragraph 8.

² Second Written Submission of the EC, paragraph 8.

³ *United States – Sections 301-310 of the Trade Act of 1974*, Report of the Panel, WT/DS152/R, paragraph 7.18.

authorised EC representatives over many years, including in the WTO TRIPS Council and in WIPO; an official public document issued by the European Commission on the express intent of the proposed amendments to Regulation 2081/92 eventually adopted in Regulation 692/2003; clear statements about the meaning of Regulation 2081/92 and of the intent of the proposed amendments on the part of the Committee of the European Parliament with primary responsibility for the subject matter; the express provisions of the preambular recitals to Regulation 692/2003 itself; the ECJ's rules of interpretation, under which it is necessary to consider wording, context and aims in interpreting provisions of Community law; and relevant ECJ jurisprudence.

6. The EC has not offered any explanation of the meaning of the provisions of Regulation 2081/92 in its domestic law that reconciles its latest view with these facts. On the other hand, the EC discusses in detail ECJ jurisprudence which addresses only some of the issues in this dispute – and which in any case:

- is consistent with the wider ECJ jurisprudence identified by Australia; and
- does not invalidate the meaning of the provisions of the Regulation at issue as put forward by Australia.

7. The EC asks that the Panel – and the complaining parties – accord deference to its statements before the Panel on the meaning of Regulation 2081/92. At the same time, however, the EC admits that its statements have no legal significance in Community law.

8. The EC asks that the Panel – and the complaining parties – ignore all other statements by authorised EC representatives as to the proper meaning of Regulation 2081/92. In doing so, however, the EC offers no credible explanation as to:

- why the explanation it offers before the Panel as to the meaning of the Regulation is more authoritative than the explanations offered by other EC representatives or in an official European Commission press release;
- what would prevent the EC from reverting to those previous explanations of the meaning of the Regulation at some future time; or
- how other WTO Members can be assured that any future rejection of an application for the registration of an EC-defined GI would not be based on the application of Articles 12.1 and 12.3 of the Regulation to them.

9. The EC's arguments in reply are summed up in the statement that "... the Panel should not assume that the institutions of the EC, and in particular the

European Court of Justice, will ignore WTO obligations in the interpretation and application of Regulation 2081/92”.⁴ No one is suggesting the ECJ will ignore the EC’s WTO obligations. However, the Regulation itself and the ECJ’s approach to interpretation as stated in its jurisprudence provides incontrovertible evidence that the EC’s latest view of the Regulation is not sustainable.

TRADEMARKS

TRIPS ARTICLE 16.1

10. Australia has claimed that – in respect of the registration of an EC-defined GI – the EC measure diminishes the legal protection for trademarks, contrary to TRIPS Article 16.1. The EC measure does not grant to the owner of a registered trademark the exclusive right to prevent confusingly similar or identical use of a sign in the course of trade for similar or identical goods. Nor does the EC measure provide for a presumption of a likelihood of confusion in the case of use of an identical sign for identical goods. Moreover, to the extent that the Article 15 decision-making process constitutes the initial and only means through which the owner of a trademark can seek to exercise – in respect of the registration of an EC-defined GI – the trademark rights required to be granted by the TRIPS Agreement, the EC measure:

- does not ensure that an objection from a trademark owner is admissible in such circumstances; and
- does not ensure that such an objection from a trademark owner will be considered in the Article 15 decision-making process.

11. In response, the EC has asserted:

- that Article 14.3 of Regulation 2081/92 prevents the registration of EC-defined GIs that would result in a likelihood of confusion with an earlier trademark; or
- that TRIPS Articles 17, 24.3 or 24.5 somehow justify the co-existence of TRIPS-defined GIs and earlier trademarks.

12. As Australia has addressed most of the EC’s supporting arguments in its Written Rebuttal Submission, I will focus here on the arguments made by the EC in its Written Rebuttal Submission.

⁴ Second Written Submission of the EC, paragraph 26.

Article 14.3 of Regulation 2081/92

13. Regulation 2081/92 provides that an EC-defined GI shall not be registered where – in the light of a trademark’s reputation and renown and the length of time it has been used – registration of that EC-defined GI “is liable to mislead the consumer as to the true identity of the product”.

14. In Australia’s view, the EC’s attempts to suggest that Article 14.3 of the Regulation does what the EC says it does is an implicit admission by the EC that nowhere else does the Regulation even attempt to provide trademark right holders with the rights required to have been granted to them under TRIPS Article 16.1.

15. However, “mislead” is used in Article 14.3 in the sense of causing a consumer to mistake the true identity of the product, rather than as a synonym of “confuse” in the sense of causing a consumer to be puzzled about the true identity of the product. It is therefore simply not sustainable for the EC to argue that “mislead” and “confuse” mean the same thing.

16. The EC argues that Australia has misinterpreted Article 14.3 of Regulation 2081/92 and that Australia’s reading of the provision “is unsupported by the ordinary meaning of its terms”. The EC also argues that Australia’s interpretation “is neither workable nor reasonable in practice and cannot be reconciled with the obligations imposed upon the EC authorities by other provisions of Regulation 2081/92”.⁵

17. However, Australia’s interpretation of Article 14.3 of the Regulation is fully consistent with the relevant rules of interpretation of EC law. It considers the wording, context and aims of the provision, in accordance with the ECJ’s well-established case law. Although the EC claims that the ECJ would not ignore the EC’s obligations, the ECJ itself has implemented a test that requires express reference to an international agreement or its provisions. But there is nowhere in the Regulation any reference to a precise provision of the TRIPS Agreement to indicate to the ECJ an intent to implement a particular obligation assumed in the context of the WTO or another international agreement. Further, Australia’s interpretation of “mislead” is fully consistent with the interpretation of that word by the EC in the case of the registration of “Bayerisches Bier”.⁶

18. Even if the EC’s interpretation was correct, the immediate consequence is that it would render the reference in Article 14.2 to the grounds for revocation

⁵ Second Written Submission of the EC, paragraph 277

⁶ Regulation No. 1347/2001, Recital (3), Exhibit EC-9.

under the Community Trademark Directive and Regulation totally meaningless. In both cases, the relevant grounds for revocation are that, in consequence of its use, the trademark “is liable to mislead the public, particularly as to the ... geographical origin ...”.⁷ Yet elsewhere, both the Directive and the Regulation expressly grant to owner of a trademark the exclusive right to prevent use of a similar or identical sign for similar or identical goods where “there exists a likelihood of confusion on the part of the public”.⁸

19. A likelihood of confusion on the part of the public as elaborated by the ECJ in its case law⁹ is a very different standard from conduct which positively causes a consumer to mistake the source of a product. Thus, the Community Trademark Directive and Regulation differentiate the meanings of “confuse” and “mislead”. As a consequence, the reference to the revocation provisions of those instruments in Article 14.2 of Regulation 2081/92 imports that differentiation into that Regulation.

20. The EC also asserts that Australia’s interpretation of the meaning of Article 14.3 “would lead to a result that is incompatible with” Articles 7.4 and 7.5(b) of Regulation 2081/92.¹⁰ Again, however, the interpretation of Article 7.4 – and consequently Article 7.5(b) – being put forward by the EC is premised on a meaning of the words “jeopardise the existence” that is simply not consistent with the meaning and context of those provisions.

21. The plain meaning of “jeopardize the existence ... of a mark” in Article 7.4 of Regulation 2081/92 is to threaten the very being of that mark. Threatening the very being of a trademark is a very different standard for the admissibility of a statement of objection than the standard established by a likelihood of confusion.

22. As a final point, I choose not to take offence at being called crass and ignorant when it comes to the complexities of EC law as done by the EC this morning. I do question the EC’s judgment in making such an allegation with respect to my fellow Australians – particularly when the EC has, including in the consultations, been unhelpful on the relevant issues. I will therefore briefly ask my colleague to say a few words about the various translations.

⁷ Directive 89/104/EEC, Article 12.2(b), Exhibit COMP-6, and Regulation No. 40/94, Article 50.1(c), Exhibit COMP-7.

⁸ Directive 89/104/EEC, Article 5.1(b), Exhibit COMP-6, and Regulation No. 40/94, Article 9.1(b), Exhibit COMP-7.

⁹ See, for example, Opinion of Advocate General Jacobs, *Marca Mode v Adidas AB and Adidas Benelux BV*, paragraph 40, Exhibit US-12.

¹⁰ Second Written Submission of the EC, paragraph 282.

23. *English translation:* The EC asserts that Australia hasn't considered other linguistic versions of Regulation 2081/92, and that these shed light on the intention of the EC.¹¹ In fact, Australia had indeed noted the language used in the French and Spanish versions. The EC seems to have overlooked that the complaining parties submitted the French version of the Regulation as Common Exhibit 1.c. Moreover, Australia fails to understand how its argument is undermined by the Spanish version. Saying that the very being of a trademark must be adversely affected seems to us to be not much different to saying that the very being of a trademark must be threatened.

TRIPS Article 24.5

24. TRIPS Article 24.5 does not envisage the co-existence of TRIPS-defined GIs and earlier trademarks as argued by the EC. In accordance with TRIPS Article 24.5, where a trademark has been registered in good faith, a WTO Member's measures adopted to implement Section 3, Part II, of the TRIPS Agreement concerning GIs may not prejudice the validity of the registration of an existing trademark on the basis that the trademark is identical with or similar to a GI. In other words, a WTO Member's measures adopted to implement the TRIPS Agreement provisions concerning GIs may not adversely affect the legitimacy of a trademark's registration. Such measures may not provide for the validity of a trademark's registration to be prejudiced because the trademark contains or consists of a GI.

25. Because a WTO Member is prohibited from prejudicing the validity of the registration of a trademark in implementing the GIs provisions of the TRIPS Agreement, the necessary and logical consequence is that the rights required to be granted to the owner of a registered trademark under TRIPS Article 16.1 continue to attach to that trademark. Once a valid trademark is registered, exceptions to the rights required to be granted to the owner of that trademark under TRIPS Article 16.1 must accord with TRIPS Article 17, to which I will return shortly.

26. To the extent that registration and/or use of an EC-defined GI would constitute confusingly similar or identical use of a sign for a similar or identical good, the owner of a registered trademark is required to be granted the exclusive right to prevent the registration and/or use of that EC-defined GI. Thus, TRIPS Article 24.5 does not envisage the co-existence of TRIPS-defined GIs and earlier registered trademarks.

TRIPS Article 24.3

¹¹ Second Oral Statement of the EC, paragraph 230.

27. TRIPS Article 24.3 does not require the EC to maintain the co-existence of EC-defined GIs and earlier trademarks as argued by the EC. Australia has responded to this argument in detail in its Rebuttal Submission.¹² In addition – in the circumstances of the measure at issue in this dispute – to the extent that TRIPS Article 24.3 might protect the geographical indications that existed within the EC on 31 December 1994, it would do so only in respect of the territories of those EC Member States which did protect the EC-defined GIs as at that date.

TRIPS Article 17

28. I noted earlier that – once a valid trademark is registered – exceptions to the rights required to be granted to the owner of that trademark under TRIPS Article 16.1 must accord with TRIPS Article 17.

29. The EC has already put forward a number of arguments in support of its contention that the requirement of Regulation 2081/92 for the co-existence of an EC-defined GI and a pre-existing trademark right is justified by TRIPS Article 17. Australia responded to these arguments in its Written Rebuttal Submission.¹³

30. The EC now argues as well that Article 14.3 of Regulation 2081/92 “would nonetheless prevent the registration of confusing geographical indications in those instances where the likelihood of confusion is greater”.¹⁴ Even leaving aside the issue of whether Article 14.3 applies in a situation of “confusing” – as distinct from “misleading” – use to which I referred earlier, the right required to be granted to the owner of a registered trademark under TRIPS Article 16.1 is not subject to a test of the degree of likelihood in relation to the likelihood of confusion. Rather, it is a right that applies in all circumstances of a likelihood of confusion.

31. The EC argues that the phrase “the fair use of descriptive terms” in TRIPS Article 17 includes a term used to indicate the place of origin of a product, which in turn includes any term used as an “indication of source” in the sense of the Paris Convention, which in turn includes both TRIPS and EC-defined GIs.¹⁵

32. However, the EC argument ignores the principle of territoriality that underpins the global regime for the protection of IP rights. It assumes that all

¹² Australia’s Written Rebuttal Submission, paragraphs 111-117.

¹³ Australia’s Written Rebuttal Submission, paragraphs 118-127.

¹⁴ Second Written Submission of the EC, paragraph 337.

¹⁵ Second Written Submission of the EC, paragraph 338.

indications of source, including TRIPS and EC-defined GIs, are immediately and universally recognised as such.

33. The EC argument also ignores that while GIs may be a “sub-set” of indications of source in the sense of the Paris Convention, they are – in accordance with TRIPS Article 22.1 – a very particular sub-set. They don’t simply identify or describe a good as originating in a geographic place. If that were all they did, IP protection would not be needed – nor would it be appropriate. This surely is precisely the distinction between a geographic term and a TRIPS-defined GI. TRIPS Article 22.1 says that a geographic term qualifies to be called a “geographical indication” in a specific situation. That situation is where the term signifies that a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. This is not descriptive of the geographic origin, nor is it descriptive of the quality, reputation or other characteristic of the good that is essentially attributable to its geographical origin. It is much more than that: it signifies the causative link between geographical origin and some characteristic of the product.

34. Thus, TRIPS-defined GIs are not “descriptive terms” in the sense of TRIPS Article 17 that simply indicate the place of origin of a product. The EC’s suggested interpretation would render meaningless the express requirement of TRIPS Article 22.1 that a TRIPS-defined GI indicate that a given quality, reputation or other characteristic of the good be essentially attributable to its geographical origin. Moreover, such an interpretation would be contrary to the principle of effectiveness in the interpretation of treaties that the Appellate Body has several times expressly recognised.¹⁶

35. Similarly, the EC’s professed difficulty in understanding the provisions of the Australian Trade Marks Act¹⁷ ignores the principle of territoriality. Bearing in mind that Australia’s recognises IP rights as private rights, it is up to GI right holders from the EC – or anywhere else – to act to protect those rights in the territory of Australia. This can be done through the multiple opportunities provided by Australian law to oppose the registration of a trademark, or by seeking to invalidate or revoke such a registration in accordance with Australian law. If GI right holders do not make use of those opportunities, then a trademark right holder can legitimately seek to exercise the rights granted by Australian law to prevent confusing use of a TRIPS-defined GI.

¹⁶ See, for example, *Korea – Dairy Safeguard*, Report of the Appellate Body, WT/DS98/AB/R, paragraph 80

¹⁷ Second Written Submission of the EC, footnote 219.

36. Finally, the EC’s view that the phrase “fair use of descriptive terms” in TRIPS Article 17 can encompass confusingly similar or identical use of TRIPS-defined GIs for similar or identical goods would also render meaningless the provisions of TRIPS Article 24.5, contrary to the principle of effectiveness in the interpretation of treaties.

The evidentiary presumption of a likelihood of confusion

37. Australia has addressed the EC’s arguments – in respect of the registration of EC-defined GIs – concerning the evidentiary presumption of a likelihood of confusion required to be granted to the owner of a registered trademark in the case of use of an identical sign for identical goods in its Written Rebuttal.¹⁸

38. As a final point on this issue, Australia notes that the Community Trademark Directive and Regulation both expressly reproduce that evidentiary presumption.¹⁹

Conclusion

39. The EC has not rebutted the *prima facie* case made by Australia that – in respect of the registration of an EC-defined GI – the EC measure diminishes the legal protection for trademarks, contrary to TRIPS Article 16.1. The arguments put by the EC in response to Australia’s claims are not sustainable. Either they do not accord with the actual provisions of Regulation 2081/92 having regard to rules of interpretation applicable to domestic EC legislation, or they are not supported by the relevant provisions of the TRIPS Agreement.

TRIPS ARTICLE 24.5

40. Australia has claimed that – in respect of the registration of an EC-defined GI – the EC measure diminishes the legal protection for trademarks, contrary to TRIPS Article 24.5. The EC measure prejudices eligibility of an application for registration of a trademark because Regulation 2081/92 does not afford the right of priority required to be afforded by Paris Article 4.

41. The EC asserts that Paris Article 4 “cannot be applied in order to determine whether an application is ‘grandfathered’ in accordance with Article 24.5”.²⁰ However, the EC’s argument ignores that – consistent with TRIPS Article 2.1 – it is obliged to comply with Paris Article 4. Thus, the EC’s

¹⁸ Australia’s Written Rebuttal Submission, paragraphs 137-141.

¹⁹ Directive 89/104/EEC, Article 5.1(a), Exhibit COMP-6, and Regulation No. 40/94, Article 9.1(a), Exhibit COMP-7.

²⁰ First Written Submission of the EC, paragraph 355.

obligation to apply a right of priority to a trademark application in accordance with Paris Article 4 exists independently of its obligations under TRIPS Article 24.5.

42. It is not a case of applying Paris Article 4 “in order to determine whether an application is ‘grandfathered’ in accordance with Article 24.5” in the sense put forward by the EC. Rather, it is a case of whether, having given effect to its obligations – including those which arise from Paris Article 4 – an application is “grandfathered” by TRIPS Article 24.5.

43. The EC has not rebutted Australia’s *prima facie* case.

PARIS ARTICLES 10BIS(1) AND 10TER(1), AND TRIPS ARTICLE 2.1

44. Australia has claimed that – in respect of the registration of an EC-defined GI – the EC measure diminishes the legal protection for trademarks, contrary to Paris Articles 10*bis*(1) and 10*ter*(1) as “incorporated” by TRIPS Article 2.1. The EC measure does not assure effective protection of trademarks against unfair competition, and does not assure appropriate legal remedies to repress effectively such acts of unfair competition.

45. Trademarks are expressly recognised as a category of industrial property protected by the Paris Convention. Moreover, the provisions of Paris Articles 10*bis* and 10*ter* apply in respect of all of the industrial property rights protected by the Paris Convention.

46. The obligations established by Paris Articles 10*bis*(1) and 10*ter*(1) are straightforward, and WTO Members are required to comply with those obligations by the terms of TRIPS Article 2.1. Australia does not have to explain how the use of a registered EC-defined GI could constitute an act of unfair competition within the meaning of those provisions of the Paris Convention.²¹ That would be determined by the body required to be empowered by the EC to consider such matters in the event that the holder of an industrial property right within the EC considered that such issues may be raised by the registration of an EC-defined GI.

47. The EC has not rebutted the *prima facie* case made by Australia.

TRIPS ARTICLES 41 AND 42

48. It is Australia’s claim that – in respect of the registration of an EC-defined GI – the EC measure diminishes the legal protection for trademarks, contrary to

²¹ First Written Submission of the EC, paragraph 399.

TRIPS Articles 41 and 42. The EC measure does not make available to trademark right holders civil judicial procedures concerning the enforcement of their IP rights, contrary to TRIPS Article 42. Further, to the extent to which the Article 15 decision-making process constitutes the initial and only means through which a trademark right holder can seek to exercise the trademark rights required to have been granted under TRIPS Article 16.1, the EC measure:

- provides procedures which are not fair and equitable, and which are unnecessarily complicated and entail unwarranted delays, contrary to TRIPS Article 41.2; and
- does not ensure that decisions are based only on evidence in respect of which trademark right holders were offered the opportunity to be heard, contrary to TRIPS Article 41.3

49. As a consequence – in respect of the registration of an EC-defined GI – the EC measure does not ensure the availability under its law of enforcement procedures as specified in Part III of the TRIPS Agreement, contrary to TRIPS Article 41.1.

50. The EC has said: “[t]rademark owners have a right to challenge the validity of the registrations under Regulation 2081/92 also in those cases where no right of objection has been provided as part of the registration procedure”.²² In other words, according to the EC:

- firstly, there can be occasions when a right of objection to the proposed registration of an EC-defined GI is not provided to a trademark owner; and
- secondly, in that event, trademark owners have only the right to challenge the validity of the registration of an EC-defined GI in judicial proceedings: they do not have access to judicial proceedings to enforce their rights in a trademark.

51. By its own admission, the EC does not make available to trademark right holders civil judicial procedures concerning the enforcement of any IP right covered by the TRIPS Agreement, contrary to Article 42 of that Agreement.

52. Similarly, by its own admission, the EC does not make decisions on the merits of a case based only on evidence in respect of which parties were offered the opportunity to be heard, contrary to TRIPS Article 41.3.

²² Second Written Submission of the EC, paragraph 297.

53. The EC is obliged by Article 41.2 to provide procedures for the enforcement of IP rights which are fair and equitable. Inherent in that requirement is that such procedures must be seen to be fair and equitable to potential users of the procedures. The nature of the Article 15 decision-making process does not allow the possibility of bias in favour of the proposed EC-defined GI to be seen to be excluded. Thus, the EC has not rebutted Australia's *prima facie* case that the EC measure is inconsistent with TRIPS Article 41.2.

54. Further, the EC is obliged to ensure that procedures for the enforcement of IP rights are not unnecessarily complicated or entail unwarranted delays. The EC has yet to offer any valid justification for requiring a national of another WTO Member to forward an objection to the proposed registration of an EC-defined GI through the government of another WTO Member. The EC has not even attempted to justify the requirement that a statement of objection on the basis of a trademark right within the territory of the EC be lodged through another WTO Member government. The EC has not rebutted Australia's *prima facie* case that the EC measure is inconsistent TRIPS Article 41.2.

55. As a consequence of the EC measure's inconsistency with TRIPS Articles 41.2, 41.3 and 42 and in any case – including because the EC has not given effect to the provisions of TRIPS Articles 43, 44, 45, 46, 48 and 49 – the EC has not ensured the availability of enforcement procedures in respect of the registration of an EC-defined GI against any act of infringement of IP rights covered by the TRIPS Agreement, contrary to TRIPS Article 41.1.

56. The EC has not rebutted Australia's *prima facie* case.

TRANSITIONAL NATIONAL PROTECTION BY EC MEMBER STATES

57. Australia also claims that the EC measure diminishes the legal protection for trademarks – contrary to TRIPS Articles 16.1, 41.1, 41.2, 41.3 and 42, and Paris Articles 10bis(1) and 10ter(1) as incorporated by TRIPS Article 2.1 – in respect of EC Member State decisions to grant transitional national protection pursuant to Article 5.5 of Regulation 2081/92. Regulation 2081/92 does not ensure that such decisions by EC Member States take account of the EC's obligations pursuant to the TRIPS Agreement.

58. The EC has not rebutted Australia's *prima facie* case.

NATIONAL TREATMENT

GATT ARTICLE III:4

59. Australia has claimed that – in respect of the registration of an EC-defined GI – the EC measure accords to the products of another WTO Member treatment less favourable than that it accords to like products of national origin, contrary to GATT Article III:4. The EC measure applies conditions of reciprocity and equivalence to the registration of an EC-defined GI for an imported like product. The EC measure requires that another WTO Member government endorse an application for the registration of an EC-defined GI for an imported like product. Finally, the EC measure as a whole accords less favourable treatment to the registration of an EC-defined GI for an imported like product.

60. In response, the EC has asserted that:

- Articles 12.1 and 12.3 of Regulation 2081/92 do not apply to other WTO Members: thus, the EC does not impose a condition of reciprocity and equivalence on the registration of an EC-defined GI from another WTO Member;
- the requirement that an application for registration of an EC-defined GI from another WTO Member be transmitted by the government of that WTO Member does not amount to less favourable treatment; and
- “Australia has argued that Regulation 2081/92 accords less favourable treatment in that there is an overall bias in the decision-making process”.²³

61. Australia noted with particular interest how the EC avoided answering the Panel’s question as to whether the conditions of reciprocity and equivalence would be inconsistent with the EC’s national treatment obligations under the TRIPS Agreement and GATT 1994 if applied to another WTO Member. Australia submits that the EC’s failure to give a clear answer to this question in the circumstances of the measure at issue in this dispute, and its arguments in this dispute generally, must be viewed as an admission by the EC that applying such conditions would constitute a breach of those national treatment obligations.

62. Australia notes that the EC’s rebuttal to this aspect of Australia’s claim consists solely of the assertion that Articles 12.1 and 12.3 of Regulation 2081/92 do not apply to other WTO Members. Thus, to the extent that the Panel considers the EC’s explanations of the proper interpretation of those provisions is not sustainable on the basis of the rules of interpretation of EC law, the EC has not rebutted Australia’s *prima facie* case.

²³ First Written Submission of the EC, paragraph 219.

63. The EC refers to Australia’s “remarkable” argument about the EC’s failure to correct Australia’s understanding of the proper interpretation of Article 12.1 of Regulation 2081/92.²⁴ Nonetheless, the EC once again ignores the fundamental point at issue. Why has the EC consistently stated or implied – before the panel stage of this dispute – that Article 12.1 did apply to WTO Members? If Australia’s understanding of the proper meaning of the Regulation – and Article 12.1 in particular – was so wrong as a factual matter, why didn’t the EC seek to correct Australia’s understanding at the earliest opportunity?

64. Equally, the EC has not rebutted Australia’s claim concerning the need for an application to be transmitted by another WTO Member government. The EC measure in effect requires other WTO Member governments to act as sub-national units of the EC. A superficial appearance of symmetry of treatment does not – in the circumstances of the EC measure – constitute treatment no less favourable within the meaning of GATT Article III:4.

65. Finally, beyond mischaracterising an aspect of the claim, the EC has simply not responded to Australia’s claim concerning the treatment afforded to imported products by the EC measure as a whole.

66. The EC is invoking Article XX(d) only in respect of Australia’s claim concerning the requirement that an application for the registration of an EC-defined GI for an imported product be submitted through the government of the WTO Member in which the relevant geographical area is located.

67. In *Korea – Beef*, the Appellate Body indicated that determination of whether a measure is “necessary” within the meaning of Article XX(d) should be considered in the context of whether there is a WTO-consistent alternative measure available which a WTO Member could reasonably be expected to employ, or whether there is a less WTO-inconsistent alternative measure reasonably available.

68. Thus, in relation to the EC’s requirement that another WTO Member government verify and submit an application for the registration of an EC-defined GI for an imported product: is there a WTO-consistent alternative measure reasonably available? Yes – the EC could simply leave it to the applicant to provide the required information. In addition – and in any case – the EC could ask for the cooperation of another WTO Member government after an application has been lodged should such cooperation be necessary to enable an application to be assessed. Is there a less WTO-inconsistent alternative measure reasonably available? Yes – once again, the EC could ask for the

²⁴ Second Written Submission of the EC, paragraph 89.

cooperation of another WTO Member government after an application has been lodged should such cooperation be necessary to assess an application.

69. Moreover, the EC has not even attempted to establish a *prima facie* case that the requirement for an application for the registration of an EC-defined GI for an imported product to be submitted through the government of the WTO Member in which the relevant geographical area is located is consistent with the chapeau of Article XX. A simple assertion²⁵ does not constitute a *prima facie* case. The EC has not met its burden of proof for the invocation of GATT Article XX(d).

70. In any case – should the Panel consider that the requirement for an application for the registration of an EC-defined GI for an imported product to be submitted through the government of the WTO Member in which the relevant geographical area is located is provisionally justified under paragraph (d) of Article XX – Australia submits that the requirement would constitute “unjustifiable discrimination between countries where the same conditions prevail” within the meaning of the chapeau. Once again, if the term is already “registered” or otherwise expressly protected under another WTO Member’s law – whether as a GI or, for example, as a certification trademark – the information could just as readily be provided by the applicant as by another WTO Member government. Further, and in any case, Australia notes that in *US – Shrimp*, the Appellate Body found that a measure being applied in a way that “require[d] other WTO Members to adopt a regulatory program that [*was*] not merely comparable, but rather essentially the same” (*emphases in original*) was not justifiable within the meaning of the chapeau of Article XX²⁶

71. The EC has not rebutted Australia’s *prima facie* case in regard to GATT Article III:4. Indeed, having regard to paragraph 33 of the EC’s Oral Statement this morning, the EC seems to agree that its measure does in fact breach its GATT Article III:4 obligations.

²⁵ EC’s Second Written Submission, paragraph 238.

²⁶ *US – Shrimp*, AB report, para.163

PARIS ARTICLE 2 AND TRIPS ARTICLES 1.1 AND 1.3, 2.1 AND 3.1

72. Australia claims that – in respect of the registration of, or objections to, an EC-defined GI – the EC measure does not accord national treatment in the protection of intellectual property, contrary to Paris Article 2 and TRIPS Articles 1.1 and 1.3, 2.1 and 3.1. In respect of the registration of more than 120 EC-defined GIs under the normal registration process, the EC measure provided a right of objection to persons resident or established in an EC Member State that was not available to other WTO Member nationals. In addition, the EC measure as a whole does not accord national treatment to the nationals of other WTO Members.

73. In the *US – Section 211 Appropriations Act* dispute, the Appellate Body found that “... the jurisprudence on Article III:4 of the GATT 1994 may be useful in interpreting the national treatment obligation in the TRIPS Agreement”.²⁷ In Australia’s view, the general principles that underpin the “treatment no less favourable” standard of GATT Article III:4 were intended to apply in the context of TRIPS Article 3.1. Thus, each WTO Member is required to accord to the nationals of other WTO Members treatment no less favourable than the treatment it accords to its own nationals with regard to the protection of intellectual property.

74. In Australia’s view, the obligation in TRIPS Article 3.1 could appropriately be considered in this dispute within the framework of the question: “does the treatment accorded by the EC measure modify the conditions of competition in the EC market to the detriment of nationals of other WTO Members with regard to the protection of intellectual property”?

75. Australia has addressed the EC’s arguments in respect of the registration of more than 120 EC-defined GIs under the normal registration process in detail in its Written Rebuttal Submission. Did the treatment accorded by the EC measure modify the conditions of competition in the EC market to the detriment of other WTO Member nationals, who were able to object to the registration of these EC-defined GIs? Most assuredly, yes. There was simply no mechanism by which a national of another WTO Member who was not resident or established in an EC Member State could object to the proposed registration of an EC-defined GI.

76. The EC again relies on the assertion that Articles 12.1 and 12.3 of Regulation 2081/92 do not apply to other WTO Members. As in relation to GATT Article III:4, Australia submits that the EC must be viewed as having

²⁷ US – Section 211 Appropriations Act, Appellate Body report, paragraph 242.

conceded that applying conditions of reciprocity and equivalence to the registration of an EC-defined GI from another WTO Member would breach the “treatment no less favourable” standard of TRIPS Article 3.1. Thus, to the extent that the Panel considers the EC’s explanation of the proper interpretation of Regulation 2081/92 is not sustainable on the basis of the rules of interpretation of EC law, the EC has not rebutted Australia’s *prima facie* case.

77. Equally, the EC has not rebutted Australia’s claim concerning the need for an application or an objection to be transmitted by another WTO Member government. Requiring that another WTO Member government act as a “sub-national” government of the EC in respect to an EC measure is not – and indeed cannot be – “treatment no less favourable” to nationals of other WTO Members within the meaning of TRIPS Article 3.1. Given the express recognition by the TRIPS Agreement that IP rights are private rights, there is no basis in the Agreement to deny applicants for the registration of EC-defined GIs direct access to the EC as the WTO Member granting the IP right. Nor is there any basis in the Agreement to require that nationals of other WTO Members lodge objections to the registration of an EC-defined GI through another WTO Member government. Notwithstanding a superficial appearance of symmetry of treatment, the EC measure accords less favourable treatment to the nationals of other WTO Members with regard to the protection of intellectual property within the meaning of TRIPS Article 3.1.

78. Moreover, Australia notes the EC’s assertion that the registration of the 480 EC-defined GIs under the simplified registration system is in any case outside the temporal scope of the TRIPS Agreement because of TRIPS Article 70.1. In the *Canada – Patent Term* dispute, the Appellate Body found that Article 70.1 applies where acts were done, carried out or completed before the date of application of the TRIPS Agreement for a Member.²⁸ As the registrations of those 480 EC-defined GIs were not done, carried out or completed before 1 January 1996, they are subject to all of the EC’s obligations pursuant to the TRIPS Agreement.

79. The EC has not rebutted Australia’s *prima facie* case that the EC measure is inconsistent with Paris Article 2 as “incorporated” by TRIPS Article 2.1, as well as TRIPS Articles 1.1 and 1.3, and 3.1.

²⁸ *Canada – Patent Term*, Report of the Appellate Body, paragraphs 54-55.

GEOGRAPHICAL INDICATIONS

TRIPS ARTICLE 22.2

80. It is Australia's claim that – in respect of the registration of an EC-defined GI – the EC measure does not provide the legal means for interested parties to prevent misleading use or use which constitutes an act of unfair competition within the meaning of Paris Article 10*bis*.

81. The EC's response²⁹ presupposes that the territory of the EC Member State of origin of an EC-defined GI and the territory of the EC itself are interchangeable. Indeed, some of the EC's own Member States have argued vigorously that the term "Feta" should not have been registered as an EC-defined GI because it has long been a generic term within those Member States.

82. In addition, the EC's response is premised on a mischaracterisation of Australia's arguments. Australia has not said that registration of a term as an EC-defined GI in territory A could be deemed misleading simply because the term has become generic in territory B.³⁰

83. The EC disparages Australia's reliance on Bodenhausen, but ignores that the EC itself has elsewhere relied on that source.³¹ The EC also ignores that Australia pointed as well to the WIPO Model Provisions on Protection Against Unfair Competition in support of its contention that Paris Article 10*bis* encompasses the notion of honest practices established in international trade.³² In its turn, however, the EC offers no sources in support of its own interpretation of TRIPS Article 22.2.

84. Australia does not purport to say whether it may be that registration of any particular EC-defined GI would be misleading or would constitute an act of unfair competition within the meaning of Paris Article 10*bis* under TRIPS Article 22.2.

85. What is clear, however, is that the EC has an obligation to provide the legal means by which interested parties can seek to test such issues in relation to the registration of an EC-defined GI. It does not do so.

²⁹ Second Written Submission of the EC, paragraphs 381-393.

³⁰ Second Written Submission of the EC, paragraph 389.

³¹ First Written Submission of the EC, footnote 46.

³² Australia's reply to Question 24 from the Panel following the first meeting with the parties.

TRIPS ARTICLES 1.1 AND 2.1

86. As a consequence of the EC's failure to comply with Paris Articles 10*bis*(1) and 10*ter*(1) in respect of the registration of an EC-defined GI, the EC has not complied with TRIPS Article 2.1.

87. Further, and in any case, as a consequence of the EC's failure to comply with any of its obligations under the TRIPS Agreement in respect of the registration of an EC-defined GI – including in relation to decisions by EC Member States to grant transitional national protection – the EC has failed to give effect to the provisions of the TRIPS Agreement, contrary to TRIPS Article 1.1.

TBT

TBT ARTICLES 2.1 AND 2.2

88. Australia claims that the EC measure is a technical regulation that is inconsistent with TBT Article 2.1 to the extent that Article 12.2 of Regulation 2081/92:

- is a mandatory labelling provision
- that applies to imported products bearing, or eligible to bear,
- an EC-defined GI that is identical to an EC-defined GI from within the EC already registered under the Regulation
- for a like domestic product and provides no discretion for the EC to apply the provision in such a way as to avoid less favourable treatment to the imported product.

89. Australia also claims that the EC measure is a technical regulation that is more trade restrictive than necessary to fulfil a legitimate objective – taking account of the risks non-fulfilment would create – contrary to TBT Article 2.2, to the extent that Articles 4, 10 and 12.1 of Regulation 2081/92:

- establish a mandatory requirement
- for another WTO Member to have in place in all circumstances an EC-mandated inspection structure.

90. In reply, the EC sets out arguments that are irrelevant to Australia's claims.

91. Firstly, on the threshold question as to whether the Regulation is in part a technical regulation, with respect to Articles 4 and 10 of the Regulation, the EC alludes to other provisions of the TBT Agreement – those dealing with conformity assessment procedures – while only partially addressing Australia’s arguments supporting its claim that those Articles read together constitute a technical regulation.

92. The question at issue is the following: has the EC rebutted Australia’s claim that these provisions of the Regulation impose (i) product characteristics or related processes or a labelling requirement (ii) applying to identifiable products and (iii) with which compliance is mandatory? If the answer is no, the EC has not rebutted Australia’s claim that these provisions constitute technical regulations. Any discussion of what might be a conformity assessment procedure under the Regulation – or of what might be the function of the inspection structure mandated by Article 10 of the Regulation – is irrelevant to this central question.

93. Secondly, with regard to Australia’s claim pursuant to TBT Article 2.2, the EC confuses the issue by responding to claims Australia has not made. It asserts, wrongly, that Australia objects to the idea of inspection structures *per se*, preferring that there be no inspection structure at all. It then proceeds to elaborate on elements of the inspection structure required by Article 10, stating that Australia “[has] been unable to identify a single element in the requirements of Article 10 ... that would be objectionable”.³³

94. Australia has not sought to identify objectionable elements in the inspection structure mandated by Article 10 because it is not that structure itself which is “objectionable”. Let’s be clear on what Australia does consider to be the “objectionable” – and WTO-inconsistent – feature of the EC regime. It is not one or more specific elements of the inspection structure provided for in Article 10. Nor is it the notion of a verification process for the authenticity of agricultural products bearing an EC-defined EC.

95. It is the fact that the Article 10 type of inspection structure is imposed on other WTO Members, regardless of their existing inspection structures and/or other systems or mechanisms that perform the same function. If such a requirement were necessary, the EC would have had to determine that no other system in any WTO Member could in any circumstances provide the same degree of assurance as the EC’s system for compliance verification and enforcement, or for the prevention of deceptive practices.

³³ Second Written Submission of the EC, paragraph 103.

96. That is the issue here. The EC's repeated explanations of how its inspection structures work and how unobjectionable its features may be are irrelevant to this central point.

97. Australia submits that the EC has not rebutted Australia's claim that Regulation 2081/92 is in part a technical regulation. Similarly the EC has failed to rebut Australia's *prima facie* case that to the extent it is a technical regulation, the EC measure is inconsistent with TBT Articles 2.1 and 2.2.

98. I would like to make a final point in relation to the TBT Agreement. Australia noted with interest the EC's selective use of the Appellate Body's findings at paragraph 241 of its Oral Statement. The EC noted the Appellate Body's in the *EC – Asbestos* dispute that products to which a technical regulation applies need not be expressly identified in order to be an "identifiable product". The EC then went on to say – and I quote: "[h]owever, the product should at least be identifiable on the basis of the document itself. This is not the case here ...". If the EC had continued reading the Appellate Body report, it would have seen that – two paragraphs later the Appellate Body said: "although this prohibition against products containing asbestos applies to a large number of products, and although it is, indeed, true that the products to which this prohibition applies cannot be determined from the terms of the measure itself, it seems to us that the products covered by the measure are *identifiable*: all products must be asbestos free and products containing asbestos are prohibited".³⁴ Those further findings by the Appellate Body in that dispute are equally applicable here.

TRIPS ARTICLE 20

99. As a final point concerning the actual claims made by Australia – and with the benefit of the explanations of the EC measure now provided by the EC – I confirm that Australia withdraws its claim under TRIPS Article 20.

³⁴ *EC – Asbestos*, Appellate Body Report, paragraph 72.

GENERAL ISSUES

100. I would also like to make some general comments about some of the EC's characterisations of issues raised by this dispute. I note that there are a number of statements and comments made by the EC in this dispute about international law, WTO dispute settlement and even Australia's intellectual property system. Australia does not agree with many of these, but in the interests of not being distracted from the main issues in the dispute, we have chosen not to engage in pointless debate. But there are some EC "red herrings" on which I feel I must comment for the record.

101. Firstly – having regard to the requirements of the DSU – Australia is not obliged to address each and every claim and to set out its complete case at each and every stage of the dispute. Nor is Australia obliged to demonstrate adverse trade effects from a measure it is complaining against. And it is for the complaining Member to judge whether dispute settlement action would be "fruitful" in accordance with DSU Article 3.7: the function of the Panel is to "make an objective assessment of the matter before it" in accordance with DSU Article 11.

102. Indeed, particularly after hearing the statement by the EC this morning, I would suggest that it looks like part of the Panel's work is going to require checking the EC's citations and sources very carefully, given that a number of them are misleading. I simply don't believe the EC's attempts at alleging differences between Australia and the US add anything to its arguments. There are no material differences anyway, and surely the EC is not suggesting that where Australia and the US agree, we are right and the EC accepts it is wrong?

103. Moreover, on the subject of citations and footnotes, Australia notes the EC's inclusion of substantive text in some footnotes which was not read. It is therefore unclear to Australia what constitutes the EC's Oral Statement.

104. Secondly, a superficial similarity between aspects of the complaining and responding parties' implementation measures does not constitute a defence for a challenged measure. It is rarely possible to consider the meaning of a legislative provision in isolation, a fact recognised by the EC in its own statement that the meaning of Regulation 2081/92 must be assessed within the legal order of the EC.³⁵ The EC's attempts to have the Panel examine Australia's measures implementing Australia's obligations under the TRIPS Agreement should be dismissed. For these reasons, Australia requests that the Panel reject Exhibits EC-67, EC-68, EC-78 and EC-79. They are not relevant to the measure at issue

³⁵ See, for example, Second Written Submission of the EC, paragraph 7.

in Australia's complaint, and do not constitute rebuttal of arguments made by Australia. Australia is very willing to discuss its legislation should the Panel so wish. Ultimately, however, Australia's legislation is simply not relevant to this dispute. For the same reasons, Australia requests that the Panel also reject Exhibits EC-73 concerning Canadian legislation and EC-80 concerning New Zealand legislation.

105. Thirdly, the EC seems to be of the view that the territories of the EC and of its constituent Member States can be interchangeable for the purposes of some IP rights, and that geographical indications are granted some form of primacy as an IP right by the TRIPS Agreement. How else could an EC-defined GI that was not recognised as such in all of the EC's individual Member States be transformed overnight into a term protected throughout the territory of the EC without regard to the EC's other obligations under the TRIPS Agreement? Yet the territories of the EC and its constituent Member States are not interchangeable in any and all circumstances come what may. Nor does the TRIPS Agreement grant primacy to any particular IP right, whether a TRIPS-defined GI or a trademark.

106. Finally, the EC has expressly acknowledged that "... the subject matter of the present dispute falls within the exclusive competence of the EC, and not of the Member States".³⁶ The subject matter of this dispute – in respect of the complaint initiated by Australia and as set out in Australia's panel establishment request – is, in effect, the EC's regime for the registration and protection of EC-defined GIs.

107. Thus, the rights and obligations of a WTO Member under TRIPS Article 1.1 devolve directly onto the EC in its own right insofar as the subject matter in this dispute is concerned.

108. Moreover, pursuant to that Article, a WTO Member must unreservedly give effect to the provisions of the TRIPS Agreement – including the standards concerning the availability, scope and use for all categories of IP rights as set out in Part II of the Agreement. These, of course, include the standards established by the Agreement concerning the scope and use of trademarks. A WTO Member may implement more extensive protection than it is required to implement – but only if that more extensive protection is not in breach of the provisions of the TRIPS Agreement, including those concerning trademarks. Finally, while each and every WTO Member is able to decide for itself how to implement the provisions of the TRIPS Agreement, whether these constitute rights or obligations, it is not consistent with the EC's obligations to interpret the

³⁶ First Written Submission of the EC, paragraph 255.

TRIPS Agreement in such a way that its internal legal order renders provisions of that Agreement meaningless insofar as the territory of the EC and/or its individual Member States is concerned.

CONCLUSION

109. While the EC has sought to complicate the issues before the Panel, I think at least three or four key issues are clearer as we go into this second meeting with you.

110. Firstly – in respect of the registration of an EC-defined GI – do trademark holders have a readily discernible and specific right under the Regulation as required to be provided to them under TRIPS Article 16.1? While the EC has sought to suggest that there is something resembling this within the Regulation, these arguments require a reinterpretation of key terms within intellectual property law, such as “confuse” versus “mislead”. The EC has not provided any credible evidence even then that there is anything in the Regulation that provides for the security of this right. This clearly contrasts with its own specific Regulation and Directive in respect of trademarks which would otherwise apply – but for the system of protection of GIs under Regulation 2081/92 – with respect to GIs registered pursuant to that Regulation. Consequently, the EC has not rebutted Australia’s claims in this context.

111. Secondly, does Article 12.1 of the Regulation apply with respect to nationals of WTO Members? The EC has introduced little or no credible evidence, as opposed to unsubstantiated statements, that provides reassurance that it doesn’t. Consequently, at least with respect to claims about reciprocity and equivalence, the EC is in breach of its national treatment obligations.

112. Thirdly, with respect to geographical indications themselves, the EC has argued that it provides for TRIPS Article 22.2 rights under EC Member State law. Again, a clear admission with respect to what is lacking under the Regulation itself. But again, the system of protection of GIs under Regulation 2081/92 and with respect to GIs registered pursuant to that Regulation disturbs what may otherwise be sufficient to meet the EC’s obligations. Consequently, the EC has not rebutted Australia’s claims in this context either.

113. Fourthly, the EC has not provided any credible argument why a measure cannot be examined under both the TBT Agreement and TRIPS, given they are part of the same agreement. By contrast, Australia has been mindful of findings of the Appellate Body on the integrated nature of the WTO Agreement. Further,

Australia has shown why aspects of Regulation 2081/92 are subject to the TBT Agreement, and how the Regulation breaches obligations established by that Agreement.

114. For all these reasons, and those substantiated in our other statements and submissions, Australia submits that the EC measure is inconsistent with a number of the EC's WTO obligations.