

# An Analysis on Right Boundary of Geographical Indications

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## ABSTRACT

Defining the boundary of the right of geographical indications is an important prerequisite for protecting geographical indication. The right of geographical indications cannot be separated from natural and human factors. The attributes of public property and non-exclusivity determine the validity scope of the right of geographical indications. Descriptive fair use is a special exception to the protection of the geographical indication. The conflict and coordination with the trademark right determine the rank relation between the geographical indication right and the external right system. The above three categories jointly define the boundary of the right of geographical indications.

**Keywords:** *geographical indication; public property; right boundary; trademark*

## 1. PREFACE

Geographical indications are a new type and a special part of intellectual property protection system. It is not only a sign of quality and credibility, but also the embodiment of the rights and interests of international trade and economic cooperation. In January 2020, the trade agreement between China and the United States made geographical indications a separate section of the intellectual property rights chapter, which shows its significance. One of the preconditions of protecting geographical indications is to define the boundary of the validity of the right of geographical indications.

## 2. THEORETICAL BASIS OF THE RIGHT OF GEOGRAPHICAL INDICATION

### 2.1. The Two Elements of the Right of Geographical Indications

The earliest authoritative definition of "geographical indication" was the provision in paragraph 1 of article 22 of TRIPs: Geographical indications indicate that a product originates from a member's region, or from a region or a place in the region, and the specific quality, reputation, or other characteristics of the product are mainly related to the geographic source. Article 16, paragraph 2, of the trademark law of China stipulates: "the geographical indications mentioned in the preceding paragraph is a mark that indicates that a commodity originated from a certain region, and that the specific quality, reputation or other characteristics of the commodity are mainly determined by natural or human factors in the region. "From the above norms, it can be seen that the legislator believes that the

elements of the right of geographical indication cannot be separated from the natural and human factors.

From the perspective of real life, it is not difficult to understand these two elements. The reason why Jinhua ham can be a national geographic indication of China's products is that firstly, Jinhua has short spring, short autumn, and hot natural conditions in summer; secondly, the people of Jinhua master the local special curing methods. At the same time, it can be seen from the announcement of geographical indications by the national intellectual property office of China that natural factors and human factors play an important role in the procedure of confirming the right of geographical indications. For example, the requirements for geographical indication products of Tieling rice not only specified the soil type, but also specified the processing process in the quality requirements.

### 2.2. Analysis of the Right Characteristics of Geographical Indications

#### 2.2.1. Geographical indications have the attribute of public property

Public property and private property are not concepts in civil law, but also a classification of property in administrative law. For example, French administrative law divides property into public property and private property according to the purpose of use. Public property refers to the property in which members of the society jointly enjoy ownership within a certain scope, and to the property that serves the public interest [1]. In China, the right of geographical indication is protected by collective trademark or certification trademark, which is uniformly applied for by specific organizations.

Secondly, the right of geographical indication comes from

the natural resources with public nature, and the natural resources cannot be possessed by a specific subject and exclude from the use of others, which is shared by the public and belongs to the public property. Therefore, the right of geographical indication has a certain public property nature accordingly.

### *2.2.2. Non-exclusive use of geographical indication*

On the one hand, the subject of exclusive right is specific and unique. The exclusiveness of intellectual property is also called monopoly. It means that intellectual property owner has exclusive rights on his knowledge or intellectual achievements. Without his permission, no one can use. Otherwise, it will constitute infringement. On the other hand, the exclusive right is caused by the scarcity of the specific object. An item is precious because it is rare. However, geographical indication products themselves are not rare. Therefore, geographical indication products do not have exclusivity, so does the right to use them. Geographical indications are stipulated in the trademark law in China. However, geographical indications do not have the exclusivity of the meaning of trademark right. It can be used jointly by multiple producers and operators as long as the enterprises are located in the geographical area and the products meet the quality requirements [2]. Therefore, the subject of the right to use geographical indications is not specific and unique. In addition, thanks to the natural factors in the production of the right of geographical indication, the scope of a specific area cannot contain only one natural person, and the exclusivity is often due to the scarcity of specific items. Since the majority of the natural people can be accommodated in a specific area, the scarcity of rights naturally ceases to exist.

## **3. DETERMINATION OF THE INHERENT BOUNDARY OF THE RIGHT OF GEOGRAPHICAL INDICATION**

### *3.1 The Subject of Geographical Indication Right and the Boundary of Geographical Indication Right*

Article 4 of the measures for the registration and administration of collective trademarks and certification trademarks clearly stipulates that any group, association or other organization applying for registration of a geographical indication as a collective trademark shall be composed of members from the area indicated by the geographical indication. Citizens are excluded from the scope of applicants.

In this paper, it is believed that the reason for this regulation is that citizens do not meet the qualifications of the subjects of collective trademark and certification

trademark application. According to the measures on the registration and administration of collective trademarks and certification trademarks, the applicant should have professional technical personnel and professional testing equipment to show that it has the ability to supervise the use of the specific quality of the commodities of the geographical indication. On the one hand, citizens have neither professional equipment nor professional knowledge. They cannot get accurate results only by their own subjective judgment without the help of professional equipment, so they are obviously not professional. On the other hand, most organizations that apply for collective trademarks and registered trademarks have credibility. They not only have professional testing procedures, but also have certain organizational structure and articles of association, which are enough to make the public trust, while individual citizens do not have credibility. Nowadays, the main body that applies for the protection of geographical indication product presents the trend of unitary. According to the current announcement of geographical indications and official indications by the national intellectual property office, from June 2018 to October 2019, the content of the announcement of approval of the protection of geographical indications products showed that all applicants are governments at or above the district (county) level, and the subject of the application has been simplified.

### *3.2 The Object of Geographical Indication Right and the Boundary of Geographical Indication Right*

The object of the right of geographical indication is the geographical indication itself, namely, the combination of place names and common names, and should not include the technology of the production of geographical indication products, or plant varieties. Article 123 in the general provisions of the civil law of the People's Republic of China, where geographical indications are regarded as the object of intellectual property rights and inventions, utility models, designs and new varieties of plants, are separately listed as objects, indicating that they are protected separately from geographical indications and the right of geographical indications only protects geographical indications themselves.

Article 59 of the trademark law of China stipulates that the owner of the right to exclusive use of a registered trademark shall have no right to prohibit others from using it. China's geographical mark trademarks are composed of "specific place name plus product common name" to highlight the unique quality and reputation of a certain product in the region. Generally, there are two criteria to judge whether a trademark constitutes infringement: one is the approximate standard, and the other is the confusion standard. For the sake of the comprehensive balance between public interests and trademark rights, when judging whether the relevant infringements are established, it will cause the scope of exclusive right to use

geographical indications and the right to prohibit geographical indications to be improperly expanded by merely considering the approximate standard or the confused standard, which leads to infringe others' right to use geographical names or common names of commodities.

Therefore, only when other trademarks counterfeit specific geographical indication's whole form, should "specific place name + product general name" be regarded as similar at the same time. Because of the subjectivity of the confusion standard, the identification should be more limited. It can't be based on the standards of individual consumers or a small number of consumers to determine whether it constitutes confusion. It should be based on whether the vast majority of consumers in the market will produce misunderstanding and regard it as a judgment basis.

### **3.3 Loss of the Right of Geographical Indications**

On the first place, China's system of "no use and revocation of a registered trademark for three years" is reflected in article 49 of the trademark law of China. If a registered trademark becomes the general name of a commodity approved for use or is not used for three consecutive years without any valid reason, any entity or individual may apply to the trademark office for revocation of the registered trademark. Commercial use is the basic condition on which the function of trademark is developed and strengthened, therefore, it is the most important and basic material condition for the trademark to be protected by law [3]. For the right of geographical indications, it should be applied to the system of not using revocation for three years. Geographical indication itself has public attribute, long-term idle will cause the loss of public welfare, losing the legitimacy of the law to continue to protect it.

Secondly, as a new type of intellectual property, geographical indication is special because it has both geographical and cultural factors. Natural factors are not fixed. For example, in the soil where crops live, the pH of the soil will be affected by precipitation [4]. If the natural factors in a place have changed, the change value is still within the scope of the product requirements of the geographical indications. It is not improper to continue to use the geographical indication. If there is a significant change of natural factors in a certain place, the factors in that place cannot meet any one of the requirements of geographical indication products, the geographical indication should be revoked to ensure the general goodwill of the goods of geographical indication.

## **4. FAIR USE OF THE RIGHT OF GEOGRAPHICAL INDICATION**

### **4.1. Indicative Use of Geographical Indications Does Not Exist**

Indicative use refers to the use of a third party's trademark to indicate the content or use of the goods or services provided by the third party in order to explain the characteristics of its own goods or services [5].

The earliest use of the term "indicative use" came from the case of "New Kids" in the United States [6]. Judge Kozinski of the United States court of appeals for the ninth circuit, in the preceding case, gave three factors to consider in determining whether an indicative use is constituted. First, if the plaintiff's trademark is not used, it is impossible to identify its goods or services. Secondly, whether the defendant uses the plaintiff's trademark to indicate the plaintiff's goods or services to the extent reasonably necessary should be considered. Thirdly, whether the defendant's use of such behavior will imply that there is a specific connection between the defendant and the plaintiff, such as sponsorship and licensing [7]. There are two reasons for the non-existence of indicative use of geographical indication right. On the one hand, geographical indications indicate the source, goodwill and quality of goods. If the indicative use of geographical indications is allowed, it means that the third party has the opportunity to make consumers mistakenly believe that their products or services are of the same quality as the products of geographical indications, and at the same time damages the rights and interests of consumers and the goodwill of geographical indications. On the other hand, place names and common names belong to conventional categories and do not have the value of giving special meaning to goods or services. Therefore, it is not necessary to use others' geographical indications to mark their own services.

### **4.2. Descriptive Use of Geographical Indications Exists**

Descriptive use refers to the use of narrative text and graphics. Since narrative text and graphics do not have the significance to become a registered trademark, they can only be registered as a trademark if they obtain the second meaning through use. Specifically, descriptive use refers to the use of the "first meaning" of the descriptive label, that is, the direct description of the quality, raw material, function and other characteristics of the goods or services, without using the label as a trademark [8]. For geographical indications, descriptive use exists. At first, the object of geographical indications itself contains the common name, and the use of the common name is an indispensable part of the geographical indication. In addition, the common name is widely used, which is known by the public. If used, the results will not cause

confusion to the public, and will not cause the public to associate with other geographical indications. Next, both place names and common names belong to established or conventional categories. The prohibition of the use of place names or common names by citizens or organizations with an interest in the relevant geographical resources clearly violates the legitimate rights and interests of such citizens or organizations. Therefore, the descriptive fair use of the right of geographical indication is inevitable.

## **5. CONFLICT AND RESOLUTION OF THE GEOGRAPHICAL INDICATION RIGHTS AND TRADEMARK RIGHTS**

### ***5.1. Causes of the Conflict Between the Right of Geographical Indication and the Right of Trademark***

First, it is related to the legislative factors of China. The trademark law of China promulgated in 1982 did not prohibit the trademark of geographical names, and many geographical names conforming to the characteristics of geographical indications were registered as trademarks. While the trademark law amended in 1993 stipulates that "the geographical names of administrative divisions at or above the county level or foreign geographical names known to the public shall not be used as trademarks, except where the geographical names have other meanings. Registered place names shall continue to be valid." Place-name trademarks, registered between 1982 and 1993, will no doubt cause some difficulties in today's registration of geographical indications. Secondly, multiple protection modes. Although the general administration of intellectual property of China is responsible for the administration and licensing of geographical indications, AQSIQ promulgated the provisions on the protection of geographical indications products after the promulgation of the trademark law in 1994. Therefore, during the past period, there were two organizations in China that registered and protected geographical indications according to two procedures [9]. Thirdly, there are differences in national legislation. Although most countries in the world today enact domestic laws to protect geographical indications or accede to international conventions, bilateral treaties or multilateral agreements for the common protection of geographical indications, there is no special law to protect geographical indications in the world. Geographical indications are only covered in TRIPs and other agreements related to intellectual property rights [10].

### ***5.2. The Form and Solution of the Conflict Between the Right of Geographical Indication and the Right of Trademark***

#### ***5.2.1. Conflict between prior registered trademark right and geographical indication right***

Since China did not prohibit the geographical name trademark before 1982, the registered trademark already obtained in accordance with the trademark law of China was subsequently applied for by the applicant in accordance with the provisions on the protection of regional products of origin at that time, which became regional products of origin after being approved. Therefore, the same name was both a trademark and a product of the region of origin, and there was a conflict of rights.

To resolve such conflict, reference may be made to article 32 of the trademark law, and the application for trademark registration may not prejudice the existing prior rights of others. The prior registered trademark and geographical indications shall be equally protected according to law, but the geographical indication shall be used in a standardized manner. For example, special marks for geographical indications shall be displayed in prominent places and shall not infringe upon the exclusive right to use a trademark. In the famous "Jinhua ham" case, the court held that the use of "Jinhua ham" by Yongkang ham factory did not constitute an infringement on the plaintiff's right to exclusive use of the registered trademark. Because the Yongkang ham factory not only marked its registered trademark in the prominent position of the outer packing, but also marked "the confirmation of the administrative committee of origin" under the words "Jinhua ham", indicating that the Yongkang ham factory just to show that it is the product of the region of origin, so did not constitute infringement.

#### ***5.2.2. Conflict between prior unregistered trademark and geographical indication right***

For such conflict, article 59 of the trademark law has provided solution. Before the trademark registrant applies for trademark registration, if someone else has already registered a trademark with the same or similar trademark and a certain influence on the same commodity or similar commodity, the right to exclusive use of a registered trademark of people have no right to prohibit the user within the scope of the original use continue to use the trademark, but may require the additional appropriate difference logo. However, the original use scope of the prior unregistered general trademark shall be clearly defined, and the original use scope should be limited to a certain extent. Since the geographical indications also indicates that the goods come from a certain area, if the

original use scope of the prior unregistered trademark is not restricted, it may lead to the overlapping situation of the original use scope and the geographical indication identification area, and infringe the interests of the holder and user of the geographical indication.

### *5.2.3. Conflict between prior well-known trademark and geographical indication right*

For the prior not registered well-known trademark, it can be regarded as a registered general trademark, applying the same solution. For registered well-known trademarks, cross-category protection is implemented. Whether such cross-protection can resist the right of geographical indication depends on the situation. In principle, there are four factors for the recognition of a well-known trademark in article 14 of the trademark law. They are awareness of the relevant public, the duration of the use of the trademark, the duration, extent and geographical scope of the publicity of the trademark, and a record of protection as a well-known trademark. The cross-class protection of a well-known trademark is due to its good reputation, which is known by the relevant public mainly because of its publicity and use, and more because of its own commercial factors. At this time, a well-known trademark with high commercial value can resist cross-class protection of geographical indications. When the logo is more famous based on natural factors, human factors, that is, the production of geographical indications, well-known trademarks cannot be against geographical indications for cross-class protection.

## **6. CONCLUSION**

This paper defines the right boundary of geographical indications from four parts. The first part introduces that the factors of geographical indication rights are human factors and natural factors, and that geographical indications have the attribute of public property and the non-exclusiveness of the right to use geographical indications. In the second part of the inherent boundaries of geographical indications, this paper discusses the subject and object of the right of geographical indication and the boundary between the right of geographical indication and the loss of the right of geographical indication. In terms of the rational use of geographical indications, this paper believes that there is descriptive use of geographical indications, but there is no indicative use. Finally, this paper also discusses

the causes of the conflict between the right of geographical indication and the right of trademark, as well as the forms and solutions of the conflict.

## **ACKNOWLEDGMENT**

In the whole process of paper writing, I want to thank my teacher Leo most, who taught me how to find materials, how to improve the outline of the paper, more importantly, in this process, I learned how to analyze the composition of rights, which is also very helpful for my future writing.

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