Geographical indications (GIs) were introduced into the family of globalized intellectual property rights by the World Trade Organization’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The inclusion of GIs in TRIPS is demonstrative of the negotiating success of the European Community and its member states. This achievement follows a history of frustrated attempts at strengthening the global protection for indications of geographical origins (IGOs). For example, at the 1958 Lisbon Conference for the Revision of the Paris Convention for the Protection of Intellectual Property (Paris Convention) a proposal was tabled to include the word “origin” in article 10bis. This would have brought the principles of unfair competition to bear on the deceptive use of IGOs. Despite wide acceptance, the single dissenting vote of the United States defeated the proposal. Later in 1974, World Intellectual Property Organization’s (WIPO) Committee of Experts developed a draft treaty for the international protection of GIs with the aim of integrating it with the other proposals to revise the Paris Convention. With the revision process being aborted, the draft treaty eventually took the shape of the Model Law on GIs for developing countries.
What is remarkable about these developments is the phenomenon of intra-Quad differences which contrasts with most, if not all, other areas of the TRIPS Agreement. The differences relate to the merits of protecting IGOs as well as to the preferred means for protecting them. For instance, in the European Community, a *sui generis* system is used, whereas, in the United States, trademark law and laws concerning business practices (for example, unfair competition and consumer protection) are used. Differences like these, among others, have shaped the provisions for GIs in the TRIPS Agreement. For example, the Agreement does not specify the “legal means” for protecting GIs, nor does it proscribe the legal options (*cf.* articles 22(1) and 23(1)).

This chapter uses a recent dispute at the European Court of Justice (ECJ) concerning Parma ham as a means to unpack deeper questions concerning the protection of IGOs. In this case, the dispute concerned, among others, the use of a protected designation of origin, *Prosciutto di Parma* (Parma ham), by Asda on authentic imported Parma ham that was industrially sliced and packed. The latter is contrary to the specifications that define Parma ham under European Community regulations, not least the *sui generis* legislation for the protection of IGOs, EEC 2081/92.

The chapter begins with an overview of the provisions for GIs in the TRIPS Agreement. The overview focuses on the definition of GIs in article 22(1), which sets the wider framework for appreciating the tripartite relationship between the good, its geographical origin, and qualities. The discussion of the TRIPS Agreement is followed by a review of the legal means for protecting IGOs within the European Community, namely Regulation 2081/92. Apart from being centrally relevant to understanding the Parma ham dispute, the discussion of this Regulation is also pertinent for a
comprehension of the different approaches toward establishing a framework for the global protection of GIs through the TRIPS Agreement. The European Community and its member states are key demandeurs for stronger GI protection in the TRIPS Agreement and have actively pursued bilateral routes to achieve these aims.

The substance of the chapter is the Parma ham dispute. In this respect, the discussion follows the dispute through British courts and its culmination with the May 2003 judgment at the ECJ. Primary attention is given to the developing jurisprudence on how to deal with the “technical rules” that establish and define the distinguishing qualities of the good and, thus, its reputation amongst the consuming public. The conclusion suggests that the judgment in favor of Parma ham producers is part of a wider trend toward localizing economic control in the agri-food industries.

OVERVIEW OF TRIPS PROVISIONS FOR GEOGRAPHICAL INDICATIONS

What Are Geographical Indications?

Article 22(1) defines GIs as “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.” There are three features to the definition which simultaneously constitute the conditions for the grant of protection. First, “the indication must necessarily identify a good as originating in...” The primary requirement is for the indication to evoke the good’s geographical origin. This allows for a wide berth of permissible indications, such as iconic symbols (for example, the Pyramids for Egyptian goods), words or phrases, and pictorial images and scripts. There is no requirement for
the indication to be a direct geographical name. This aspect of the definition has not been missed by legislators in India where various nongeographical terms (for example, Basmati) are potential candidates for GIs.8

The use of “goods” rather than “products” in article 22(1) suggests the exclusion of services from the ambit of GIs. A close look at Uruguay Rounds proposals for the TRIPS Agreement finds that the initial term of preference was “product.”9 The Unified Proposal of July 23, 1990, that is, the Anell Draft,10 placed “services” within brackets, following the explicit inclusion of “services” in the Swiss proposal.11 It is in the Brussels draft12 that the term “good” replaces “product” with the simultaneous removal of the bracketed term services. Hence, the inference services are excluded—if drafters intended to include services, this would have been explicitly stated. It is rare to find legal commentary that understands article 22(1) to include services. Daniel Gervais’s conclusive dismissal is telling: “Finally, Article 22 does not apply to services.”13 WTO Members can go beyond their minimum obligation and protect services as GIs, which apparently is the case in Liechtenstein, Peru, and Switzerland.14

Second, the good must necessarily possess “given quality,” a “reputation”15 or “other characteristics” that are “essentially attributable” to the designated geographical area of origin. While none of these terms are defined in the Agreement, the construction of the sentence suggests that, ceterius paribus, each one of these qualifiers are to be independently treated. To be clear, there is no cumulative requirement. “Given quality” would suggest some objective measure of attributes of the good, such as starch or chalkiness in rice grains. However, “reputation” brings in subjective assessments of the public’s perception of a good and its attributes. For long, economists have treated
reputation as the expectation of a certain quality. The phrase “other characteristics” widens the range of possible attributes, particularly as it is presented as distinct from “given quality.”

Third, there is a requirement for a link between the indication, the given quality (or other characteristics), and the area of geographical origin. This is presented in article 22(1) in different ways. At the outset is a requirement for the “indication to identify a good as originating in the territory.” This can be understood as requiring some physical production-related activity to take place in the identified geographical region. Elsewhere, article 22(1) requires the given quality (or other characteristics) to be “essentially attributable to its geographical origin.” This presents a stronger requirement of ascribing a tripartite relationship among the good, given qualities (or characteristics), and geography. The broad remit of the second condition suggests that the link rests on a mix between human labor and agro-ecological conditions of the region of geographical origin.

Protecting GIs is more than regulating the link between a good and its place of origin, as it also ensures the given quality derived from the human and physical area of origin. It is the nexus among the good, its quality, and place of origin that is problematic. In particular, “quality” and its origins remain highly contested, socially constructed and often temporal.

Dominique Barjolle and Bertil Sylvander emphasize that the inclusion of “quality” necessitates a technical definition of production method, product specifications, and consumer understanding of these factors. However, “quality” and its relationship to origin are contested. Brian Ilbery and Moya Kneafsey explain that notions of quality are
socially constructed and the outcome of temporal negotiations that can be influenced by actors endowed with greater resources. As demonstrated by the Parma ham case reviewed below, the relationship between quality and origin is also culturally situated.

Further, questions have been raised about the assumptions regarding the inverse relationship between yield and the quality of grapes which underscores the wine appellation system in France. In recent years, some enterprising winemakers have come up against the established classification systems. For example, Glen MacDonogh reports of a de facto wine classification system in the Bordeaux region based on plaudits from media critics and influential restaurateurs, which are often reflected in the price of a bottle that is contrary to the established classification system. Little surprise then the implementation of this obligation has occurred in a highly disparate manner. As Jayashree Watal noted, the absence of harmony undermines the Agreement’s twin objective of establishing a predictable multilateral system of rules and disciplines concerning IPRs and of ensuring effective and adequate protection of IPRs.

An Overview of TRIPS Provisions

Article 22 provides the basic scope for the protection of all GIs and is composed of three components. Protection is offered against the use of indications that mislead the public (paragraph 2(a)) or that are deceptive (paragraph 4). Further, use of the indication in a manner that constitutes acts of unfair competition is prohibited (paragraph 2(b)). Finally, paragraph 3 permits the refusal or invalidation of trademarks that contain or consist of indications in a manner that mislead the public.

Article 23(1) prohibits the use of GIs for wines and spirits “even where the true origin of the good is indicated or the geographical indication is used in translation or
accompanied by expressions such as ‘kind’, ‘type’, ‘style’, ‘imitation’ or the like.”

Article 23(2) concerns the relationship between trademarks and GI that identify wines and spirits. Provisions exist for the invalidation or refusal of trademarks that “contain or consist of” GIs identifying wines or spirits.

Protection offered through article 23 to wines and spirits is considerably broader and stronger than that offered to other goods through article 22. For example, article 23(2) does not require proof of consumers being misled and only requires establishing the false origin of the goods bearing the (infringing) trademark. In a different way, article 23(1) broadens the product space of GIs for wines and spirits by prohibiting the use of the GI even when the true origin is indicated and translated or delocalized use of the GI is also prohibited.

By way of illustration, it is possible to label a pack of bananas as “Antarctica bananas” as the term Antarctica in the context of bananas would not be considered misleading the public. By contrast, “Antarctica Merlot” is strictly prohibited even though it is not considered misleading. This hierarchy is all the more perplexing when noting that article 23(1) borrows language from article 3 of the Lisbon Agreement for the Protection of Appellations of Origin and their Registration. As the latter was not circumscribed to any category of goods, this sets up an unlikely precedent of a succeeding multilateral treaty (TRIPS) being narrower in its application than its predecessor (Lisbon Agreement).

Ever since the Seattle Ministerial, a number of member states have submitted proposals for extending the scope of application of article 23 to goods other than wines and spirits. These demandeurs for stronger protection argue that the low standards of article 22 allow the translated use of an indication that permits the free riding on the
reputation of the indication, thus generating the ever-present risk of rendering the GI generic. WTO Members that oppose this demand agree that there is no legal or intellectual property-based rationale for the hierarchy in the treatment of different goods. However, as the obligations under TRIPS are a negotiated outcome and take place under a mandate, they are unwilling to consider the demand. GI-extension has been included as Tiret 87 in the Compilation of Outstanding Implementation Issues of the Doha Ministerial Declaration.

Article 23(3), which is restricted exclusively to wines, deals with homonymous GIs, which are indications that are either spelt or pronounced alike and used to designate the geographical origin of goods stemming from different countries. The problem is further complicated where the goods in question are identical, as exemplified by “Rioja”—a wine-producing region in Spain and in Argentina. Article 23(3) obliges each member state to “determine the practical conditions under which the homonymous indications in question will be differentiated from each other,” while ensuring equitable treatment of producers and that consumers are not misled. While some suggest that producer-federations might play a useful role in finding equitable solutions, there is no obligation for a systematic solution for all homonymous indications.

It is well accepted that negotiations around GIs are deeply contested. Because the “only possible outcome not blocking the negotiations was thus to agree to further talks,” the TRIPS Agreement includes a built-in agenda for further negotiations and review. The first provision for further negotiations is set out in article 23(4) where the WTO Members agreed to engage in negotiations “concerning the establishment of a multilateral system of notification and registration” of GIs for wines to “facilitate” their
protection. The obligation is for negotiations and not to establish a system of notification and registration.

Moreover, article 23(4) is not time-bound; it includes neither a deadline for commencement of negotiations nor an end date for the completion. The 1996 Annual Report of the TRIPS Council stated that “issues relevant to a notification and registration of geographical indications for spirits will be part of this preliminary work” with respect to this article. Although the Singapore Ministerial endorsed this report, the WTO Members differed in their understanding and interpretation of this endorsement. These doubts were removed with the express reference to spirits in terms of article 23(4) of the Doha Ministerial Declaration.

Article 24(1) is more explicit in terms of its intent as it is directed at “increasing the protection of individual geographical indications under Article 23” while cautioning against the use of the exceptions listed in articles 24(4)–24(8) as an excuse either to avoid negotiations or to conclude bilateral or multilateral agreements. There is no time limit to these mandated negotiations. Article 24(1) is concerned with individual indications under article 23, thus suggesting that it applies exclusively to indications for wines and spirits. However, a group of countries, demandeurs for GI-extension, have contested this interpretation as “narrow” and “legalistic,” suggesting that, when the reference to article 23 is read along with article 24(1), it is not to the category of goods but to the means of protection. Unfortunately, this interpretation of article 24(1) has not found wider currency amongst experts.

Article 24(2) instructs the Council for TRIPS to maintain a “watchdog role” over the operations of this Section with a first review to take place within two years of
the entry into force of the WTO Agreement. While no explicit powers have been granted to the TRIPS Council, the article does instruct the Council to “take such action as may be agreed to facilitate the operation and further objectives of this Section.”

Article 24 also includes a number of exceptions and other provisions that seek to balance the interests of GI-holders with those of the wider public and other users of indications. Article 24(3) is not an exception, but a “standstill clause” that seeks to ensure that the (higher) level of protection for GIs that existed in national legislation of member states at the time of entry into force of the WTO Agreement is not diminished. As such, it preserves TRIPS-plus standards of protection in those member states that had stronger provisions for GIs.

Article 24(4) is an exception that is explicitly limited to GIs for wines and spirits, which permits the “continued and similar use” of GIs for wines and spirits by “nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services” in that territory for at least ten years preceding April 15, 1994, or in good faith preceding that date (article 24(4), emphasis added). There are important qualifiers in this article: (i) nationals and domiciliaries can only seek to use the indication in context and (ii) prior and continuous use must be established within the timeframes stated in the article. Yet, this exception is considered expansive as it does not require proof of “good faith” if use has been made for at least ten years. Neither does the indication have to be considered generic.

Article 24(5) is an exception aimed at negotiating the trademark–GI relationship and is not restricted in its application to GIs for wines and spirits, but applies to all GIs. The exception states that a trademark acquired or registered in good faith
either (a) before the date of application of the provisions of section 3 or (b) before the GI in question has been protected in its country of origin should not prejudice the eligibility for or validity of registration of the trademark or the “right to use” the trademark. As such, the exception is directed at articles 22(3) and 23(2), which provide for refusal or invalidation of a trademark consisting of or containing a GI.

Article 24(6) is an exception that concerns generic GIs across all goods and includes a specific application of this principle in the instance of “products of the vine” (including those spirits made from vine). The first part of article 24(6) allows exceptions from obligations in section 3 where a term is customary in common language as a common name for certain goods and services (for example, “china” for porcelain). As such, there are two tests to be established for the exemption: the term is customary in common language, and it is the common name for certain goods and services.

The second part of article 24(6) is a specific application of the same principle for “products of the vine.” Here, member states are exempt from protecting indications that are identical with the “customary name” of a grape variety in the territory at the date of entry into force of the WTO Agreement. Thus, beyond the contingency of the date, the use of this exception requires the demonstration that an indication is considered the “customary name” of a grape variety. Evidence of widespread use would be considered sufficient, as in the case of “Cabernet Sauvignon.”

Article 24(7) is another exception that is directed at negotiating the very complex trademark–GI relationship. The article establishes a time limit (five years) and a contingency (“bad faith”) with respect to the exercising of the right to invalidate or refuse registration of trademarks that consist of or contain an indication. To exercise their right
with respect to an indication against a trademark, the GI-holder(s) must initiate their action within five years.

Article 24(8) recognizes the right of a person to use his/her name or the name of their predecessor in business in the course of trade. This right is circumscribed by requiring the name not to “mislead the public.” Consequently, names that the competent authority consider misleading will not be allowed.

Article 24(9) is framed as a “dependency” exception that exempts member states from protecting indications that are either not protected in their country of origin or those that cease to be protected in their country of origin or are in disuse. In other words, a GI must be protected nationally before an obligation for protection falls on other member states.

THE EUROPEAN SUI GENERIS SYSTEM (EEC 2081/92)

A number of different policy rationales ground the EC regulation directed at protecting IGOs, not least the protection of “provenance” as a means of promoting rural development. This is well expressed in the preamble to EEC 2081/92: “[W]hereas the promotion of products having certain characteristics could be of considerable benefit to the rural economy, in particular to less-favored or remote areas, by improving the incomes of farmers and by retaining the rural population in these areas.”

This desire to promote rural development is contextualized by two other principal objectives to the protection of IGOs: the protection of businesses against free riding on reputable indications and protection of consumers against misleading labels. In its efforts to achieve these aims, EEC 2081/92 conceives of two overlapping, but different, intellectual property rights (cf. article 2):
Protected Designations of Origin (PDO), which are defined as names of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff where particular quality or characteristics are essentially due to a particular geographical environment with its inherent natural and human factors and the production, processing and preparation takes place in the defined geographical area.

Protected Geographical Indications (PGI), which are defined as names of a region, a specific place, or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff where a specific quality, reputation or other characteristic is attributable to that geographical area of origin and where production and/or processing and/or preparation takes place in the defined geographical area.

Article 4 sets out the principal criteria for the eligibility for protecting PDOs and PGIs. It begins by placing a fundamental requirement for a specification. There is a nonexhaustive list of details that a specification must contain, which includes the description of the product, a definition of the geographical areas of origin, evidence that the said product originates in the area, and a description of the method of producing the good, among others. There are also requirements for detailing the inspection structures and the system for labeling the good. Provisions for any specific national or Community regulations are also available (cf. article 4(2)(i)).

It is useful to recognize the significance of the requirements for specifications in article 4. Provisions in EEC 2081/92 refer to them at various instances. Thus, for example, article 8 makes the affixing of a PDO indication on a good subject to compliance with the specifications associated with the good. There is a deeper
significance. The specifications are essentially the rules for membership to an exclusive (IGO) club.\textsuperscript{43} On the one hand, the specifications define particular obligations and rules of adherence for the club members. On the other hand, they also mark out rights to be protected against third parties, a negative obligation, breach of which could result in remedies being sought. In economic terms, the specifications become the barriers to entry into a niche market.

Article 5 sets out the application process. Essentially it requires that a group of producers may apply for protection. The application is made in the member state of the geographical region in question. Upon successful review by the member state the application is submitted to the Commission for a decision on protection throughout the Community. The Commission is obliged to examine the application (article 6), in particular checking the conformity between the good and its specifications (\textit{cf.} article 10(1)). Provisions exist for challenging the application (article 7). There have been instances where the Commission has rejected an application. For example, a PDO application for Tuscany extra-virgin olive oil in 1997 was rejected on the dual grounds of procedural errors and a weakness in the link between product and area of geographical origin.\textsuperscript{44}

Article 17 allows for fast track procedures that allow applications to be exempt from the objection provisions if the application is made within six months of the coming into force of EEC 2081/92. Parma ham, the case reviewed below, made use of this provision. Upon registration, the member state in which the product is produced must set up an inspection structure that is “objective and impartial.” The protection offered under this regulation is comprehensive (article 13).\textsuperscript{45} Not only is the direct or indirect
commercial use of the protected name prohibited, but also prohibited is any misuse, imitation or evocation of the name even when the true origin is indicated (for example, Parma ham from Austria).

Further, the translated use\(^{46}\) of a protected name or appending expressions such as “style,” “type,” “method,” or “as produced in” are prohibited. Also prohibited are any other false or misleading indication of the origin and province of the product or practices that are liable to mislead the public as to the true origin of the product. In his observations on the Parma ham case, Lord Scott, using the example of authentic Parma ham sliced in the kitchen and served in a restaurant, noted the lack of clarity on the exhaustion of a PDO right.\(^{47}\)

**THE PARMA HAM DISPUTE**

It is said that as early as 100 B.C., Cato the “Censor” in his *De Agricultura* (second century B.C.) wrote of the process of producing air-cured ham in the Parma region.\(^{48}\) On April 18, 1963, the Consorzio del Prosciutto di Parma was set up by twenty-three producers of Prosciutto di Parma (Parma ham) from the town of Parma, Italy, with the objective of “safeguarding the genuine product and the image represented by the name ‘Parma.’”\(^{49}\) The Consorzio, a voluntary organization, now claims to represent over 170 Parma ham producers and many more through the supply chain.\(^{50}\)

It was in 1970 that Law No. 506 introduced a regulatory scheme to protect the denomination of origin of Parma ham. The Consorzio was endowed with the task of supervising the production and marketing of Parma ham through a ministerial order of July 3, 1978. The powers of the Consorzio were subsequently expanded through Ministerial Decrees in 1993 and 1994, which essentially require all Parma ham to be
sliced and packed within Parma at plants approved by the Consorzio. For that matter, Law No. 26 of February 13, 1990 protects Parma ham as a PDO. In 1996, using the fast track provisions of EEC 2081/92, Parma ham was protected as a PDO throughout the Community (EEC 1107/96).

The specifications for Parma ham, pursuant to article 4 of EEC 2081/92, run into eighty-three pages and were initially only available through the Consorzio in Italian. Asda and Hygrade raised this in their defense alleging the lack of transparency of the rights conferred by the grant of PDO. The specifications are very detailed and include, among others, requirements concerning the breed of pig, the feed and rearing of the pig, the processing of the ham, and slicing and packing details. These are supported by statutory requirements under Italian law.

On November 14, 1997, the Consorzio initiated proceedings in the United Kingdom against Asda and Hygrade. Hygrade imports boned and unsliced Parma ham from an Italian company that is a member of the Consorzio, Cesare Fiorucci SpA, which it then industrially slices and packs for delivery to Asda. Asda then sells the packets with the following descriptions: on the front, “ASDA A taste of Italy PARMA HAM Genuine Italian Parma Ham”; on the back, “PARMA HAM All authentic Asda continental meats are made by traditional methods to guarantee their authentic flavor and quality” and “Produced in Italy, packed in the UK for Asda Stores Limited.” The Consorzio claimed that Regulations 2081/92 and 1107/96 which established the Community-wide protection of the Parma ham PDO were being violated because of the slicing and packing of the ham in the United Kingdom.
In its defense, Asda and Hygrade claimed that their actions were not unlawful. Their argument hinged on claiming that the Commission had exceeded its power by registering the PDO for Parma ham and seeking to regulate its slicing, packaging, and labeling. Directing their attention to the specifications, the defense claimed a lack of transparency as the specifications were imprecise and not easily available to the public. It was also argued that the requirements for slicing, packaging, and labeling of the ham do not constitute an exclusive right as the specifications are a discursive document, and everything therein was not conceived as being directly enforceable.

The application was dismissed in the High Court. The Consorzio appealed to the Court of Appeals (England and Wales), where the case was dismissed in December 1998. It was claimed that the Community Regulations did not confer any specific rights to the Consorzio concerning the slicing, packaging, and labeling of Parma ham. Consequently, the Consorzio appealed to the House of Lords.

The Lords reviewed a number of issues that emerged from this case, such as whether rights existed in the United Kingdom, the scope and application of the specifications of the Parma ham PDO, and transparency of the regulation, among others. Questioning the existence of rights always remains a strange approach to challenging a PDO. In its recitals, EEC 2081/92 sets out its objectives as enabling registered PDOs and PGIs “to enjoy protection in every Member State…” Article 2(1) establishes that “[C]ommunity protection of designations of origin and of geographical indications of agricultural products and foodstuffs shall be obtained in accordance with this Regulation.” Lord Hoffman observed that the Regulation intended to provide
Community-wide rights that were enforceable in member states though without making provisions for the publication and translation of specifications; however not presenting grounds for questioning the validity of the Regulation.\(^\text{59}\)

The significance and import of the specifications of a PDO were also questioned. In particular, the Lords made observations on the extent to which the specifications control particular production tasks. Lord Hoffman held that the issue of specifications and the product in question are intertwined with the various objectives of the Regulation. In particular, the aim to ensure that consumers are not misled and that the reputation built by producers is not misappropriated. To quote Lord Hoffman: “Article 4(2)(h) specifically requires that ‘labeling details’ be included in the specification. I can therefore see no reason why labeling requirements should not form a part of the specifications with which article 4.1 requires the product to comply.”\(^\text{60}\) This recognizes the retail revolution, after which more ham is sold prepacked in supermarkets, and, thus, the role of labels to ensure authenticity.

While Lord Scott concurred with the principle in Lord Hoffman’s view, he did query the practical implications of and effective limits to the scope of application of the specifications: “The question is whether there comes a time in the marketing history of a PDO product at which the Article 4 prohibition ceases to apply.”\(^\text{61}\) By way of example, Lord Scott queries whether the specifications would prohibit a restaurateur from serving “Parma ham with melon” after having purchased authentic Parma ham on the bone and sliced the same in the kitchen.\(^\text{62}\) Drawing reference to ECJ case law on the doctrine of exhaustion in terms of trademarks, Lord Scott concludes that it is time for a clear pronouncement on the limits to rights conferred by a PDO. However, noting that the
respondents were in possession of the specifications, he in principle agreed with Lord Hoffman in the latter’s following observation:

<ext>[T]he respondents are fully aware that their product does not comply with the specification…But they claim the right to go on selling the product on the ground of what seem to me to be imaginary injustices which might be inflicted on other people if the Regulation were directly enforceable.</ext>63

Eventually, the Lords agreed to refer the case to the ECJ requesting a preliminary ruling on the question whether Council Regulation 2081/92, read in conjunction with Commission Regulation 1107/96 and the specifications for Parma ham, created a valid Community right, directly enforceable in member states to restrain the retail sale of Parma ham that, while duly exported from a legitimate producers, is not sliced, packed, and labeled in accordance with the specifications.

In reviewing the ECJ’s decision in this matter, the rest of the chapter focuses on the treatment of the specifications concerning the PDO Parma ham, as this forms the fundamental basis of the case. Thus, for instance, the courts had to determine whether the use of the PDO can be conditioned on compliance with the specifications that constitute the Parma ham PDO. For that matter, questions concerning transparency relate to the “validity” of the specifications.

Advocate General Siegbert Alber delivered his opinion in April 2002 and ruled against the Consorzio.64 While not binding on the ECJ, the opinion presents relevant jurisprudence concerning the Parma ham case, in particular, and the protection of PDOs, in general. Briefly, he did not find the rights to be directly enforceable and empowered to prohibit the use of the PDO. Further, he found that the specifications were
a quantitative restriction within the meaning of article 29 of the EC Treaty on the Free Movement of Goods and that it did not meet the grounds for justification as set out in article 30 of the Treaty.

For Advocate General Alber it was important to examine the “commercially material” significance of slicing and packing in the region of production either in conferring or in protecting a particular characteristic of the product. This followed the Consorzio’s confirmation that (authentic) Parma ham exported whole of cut may be sliced by the retailer or in a restaurant in front of the consumer without impairing its quality. In this respect, Asda, Hygrade, and the U.K. government submitted that the requirement for slicing and packaging to take place in the region of production is disproportionate. Moreover, the special knowledge and the technical expertise can be considered as independent of the region of production assuming the movement of peoples and technological developments. In this respect and contending the (supporting) submissions of Spain, Italy, and the Commission, the Advocate General distinguished the significance of slicing ham from the bottling of wine, thus responding to jurisprudence established in Belgium v. Spain—that transportation of wine (Rioja) in bulk and bottling outside the region of production would impair its quality. The bottling of wine is considered integral to the wine-making process—and with wine primarily bought in the form of bottles it is “commercially material” and a justifiable quantitative restriction on the free movement of goods.

Not only did the ECJ differ in their understanding of the significance of slicing and packing with respect to Parma ham, they also reminded interested parties that the question before the Court concerned slicing and packing at a stage other than retail
and restaurant sale\textsuperscript{70} and, thus, diminished the juridical value of Advocate General’s reasoning. The judgment begins by clarifying that “special technical rules may …be laid down for operations such as slicing and packaging the product” by way giving materiality to article 4 of Regulation 2081/92.\textsuperscript{71} It is with respect to the requirement for slicing and packaging in the region of production that the import of the judgment is noted.

\textit{Interestingly, the parties did not essentially differ in their views concerning specifications and quantitative restrictions. For instance, Asda, Hygrade, and the U.K. government submitted that application of PDO rules have the direct or indirect effect of restricting trade. In this sense, the requirements restrict trade patterns of ham eligible for the PDO label. The Consorzio, with supporting statements from the Italian and Spanish governments and the Commission, accepted that the impact of PDO specifications might be equivalent to quantitative restrictions. However, they submitted that this was justified since the essential objective is “to preserve the reputation of the designation by guaranteeing, in addition to the authenticity of the product, the maintenance of its qualities and characteristics.”}

\textit{Spain, in its submission, referred to the \textit{Rioja} case to establish that the purpose of a designation of origin is to guarantee that the product comes from a specified area and displays certain characteristics. Drawing on the jurisprudence in \textit{Rioja} and noting the general tendency of Community legislation to enhance the quality of agri-food products, the Court contends that specifications which pose quantitative restrictions can be justified “if it is shown that it is necessary and proportionate and is capable of upholding the reputation of the PDO Prosciutto di Parma.”}\textsuperscript{72}
In its elaborate reasoning on the justification of the specifications, the Court drew upon the detailed specifications of Prosciutto di Parma. There are three main rules that begin with checking the authenticity of the hams used, followed by approving the operators who intend to slice and package the hams and culminating with representatives of the inspection body being present at each of the stages. At each stage, there are technical requirements and strict checks concerning authenticity, quality, hygiene, and labeling.

With Parma ham consumed largely in sliced and packaged form, it becomes important to have these checks to ensure the flavor, color, and texture of the product. In this respect, the Consorzio argued that slicing and packing are important steps of the production process that also permits the producer to “control one of the ways in which the product appears on the market… [so as to] safeguard the quality and authenticity of the product, and consequently the reputation of the PDO.” Not only is there a risk to quality and authenticity when sliced and packed outside the region, but it is impractical to consider having such checks in other member states. Thus, concluding that these “restrictions may be regarded as necessary for obtaining the objective pursued, in that there are no alternative less restrictive measures capable of attaining it.”

The reasoning adopted by the Court is strikingly in concordance with the earlier views expressed by Lord Hoffman:

The PDO is a form of intellectual property right, conferring upon producers in a certain area the exclusive right to use their regional name as descriptive of the product. That exclusive right, like all intellectual property rights, is inherently restrictive of trade. The exercise of that right is linked to strict requirements designed to ensure that
the product conforms to established standards. And in the case of sliced Parma ham, the packaging and labeling requirements are the only effective way of ensuring the authenticity of the product when it is sold to the consumer in what is now probably the most common form. In my opinion it is quite unarguable that the enforcement of such requirements is a manifestly inappropriate way of giving effect to the objects of the Regulation. The only alternative would be to require the Association to supervise the activities of anyone who chose to slice and package Parma ham anywhere in the Community. I do not think that the Commission could be criticized for taking the view that this would be unreasonable.<ext>76

To end the decision, the Court was critical of the lack of transparency in the adoption of Regulation 1107/96. It observed that the simplified procedures available in Regulation 2081/92 do not provide for publication or translation of the specifications or even of extracts of the same. Consequently, the lack of legal certainty and that third parties have not be appropriately informed, the condition laid down in the specifications cannot be relied upon against them before a national court.

CONCLUSION

In passing its judgment, the Court recalled the wider policy trends that contextualize Regulation 2081/92, in particular the movement toward “quality.” In this respect, a European Commission’s survey of 16,000 consumers across sixteen western European countries found a growing interest in the “origin of food items” and decidedly favored “tradition” over “mass-produced” food items.77 This observation is part of a wider trend of socially-constructed differentiation in our consuming habits, such as “fair-trade,” “organic,” and “no sweat-shop,” among others. At the heart of this emergent
market segmentation is the methods of production, which effectively is based on the specifications and any technical rules that are submitted under article 4 of Regulation 2081/92.

Technical rules and specifications can and do implicate the entire supply (and distribution) chain—beginning with raw materials, land used for cultivation, and right up to how the product is presented to the consumer. Thus, for example, in the disputes concerning Parma ham and Grana Padano cheese, operations like slicing, packing, and grating constitute important operations that construct the product’s quality and authenticity and, thus, secure its reputation. Collective organizations, such as the Consorzio, representing the interests of different firms across the good’s supply chain, are seen to take necessary steps, including include the use of courts, to ensure compliance to these standards.

There is an important aspect to these specifications that the judgment articulates: “the applicable rules protect those entitled to use them against improper use of those designations by third parties seeking to profit from the reputation which they have acquired. They are intended to guarantee that the product bearing them comes from a specified geographical area and displays certain particular characteristics.” The specifications for a PDO (or a PGI, for that matter) establish the codes to be met within the indicated region of production, which for third parties should be considered as a negative obligation, the breach of which may give rise to civil or even criminal penalties.

Inherent here is a crucial duality. At one level, the specifications articulate the obligations that must be complied with by all users of the protected appellation. On the other hand, the specification also marks out the rights to be protected against third parties.
In this way, the specifications form the basis for “club membership”—and, by extension, the barrier to entry into the niche market. To elucidate, the specifications differentiate an IGO good (for example, Champagne) from others within the same category (for example, white sparkling wines). Tying the rules of club membership strongly to a particular territory would allow for a greater share of economic returns to be locally appropriated. In the case reviewed here (and also, by extension, the Grana Padano case described in the endnotes), it is clear that technical rules and specifications that are integral to the distinguishing characteristics of the good and its reputation are justified. In this particular instance, slicing and packing in the region of origin are the club rules which have been upheld. This enables a substantially high level of localization of the economic returns associated with Parma ham in its region of production/origin.

Goods like Parma ham and others protected by IGOs are cultural artifacts reflecting long-established cultural repertoires of producing a good. As noted earlier, it is this tripartite association between a good, its region of origin, and quality that is problematic. Notions of quality are not only cultural; but equally socio-politically negotiated and temporal. The discussion also drew attention to scholarship that questions the inverse relationship between yield and quality in grapes that underlies the wine classification system in France. In the Parma ham case there were disconcerting expressions about the significance of slicing and packing in the region of origin. For the respondents, it was and remains a highly trivial operation. An Asda spokesperson described the decision as “barmy” and was quoted as saying that “no one doubts that Scotch beef remains Scottish if sliced in Southampton, Jersey potatoes are still Jerseys when boiled in Blackpool, Cheddar’s still Cheddar if grated in Gretna.”

For that matter,
Andrew Oswald, writing in *The Guardian*, found that “food snobbery appeared to triumph over common sense yesterday when the European court of justice ruled that Parma ham is not the real thing if it is sliced and packaged in the UK.” The popular representation of this case and the judgment do not help in any way. Yet, it would be fair to say that they are more revealing of a cultural attitude to food. For that matter, as such culturally distinct foods seek and get globalized, there is all likelihood for further disputes on the significance of technical rules that prohibit their generalized production outside their region of origin.

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**NOTES**

1 I acknowledge a research grant from the Legal Research Institute at the University of Warwick’s School of Law that helped conduct the background research for this chapter. Without the excellent research support from Shujing Guo (University of Warwick) this chapter would not have been completed on time. Peter Yu’s invitation and encouragement to write this chapter is also appreciated. The usual disclaimers apply.

2 The Secretariat of the World Trade Organization adopts this term as a common denominator to refer to the various terms and instruments used by member countries to indicate the geographical origin of goods, thus avoiding confusion between specific terms that are otherwise legally defined, e.g., geographical indications, indications of source, and appellations of origin. See World Trade Org. [WTO], Council for Trade-Related Aspects of Intellectual Prop. Rights, *Review Under Article 24.2 of the Application of the Provisions of the Section of the TRIPS Agreement on Geographical Indications: Summary of the Responses to the Checklist of Questions (IP/C/13 and ADD.1)*, IP/C/W/253 (Apr. 4, 2001) [hereinafter *Review Under Article 24.2*]. A similar convention is adopted here.

3 Albrecht Conrad, *The Protection of Geographical Indications in the TRIPS Agreement*, 86 Trademark Rep. 11 (1996). It should also be mentioned that the membership of and adherence to either the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods or the Lisbon Agreement for the Protection of Appellations of Origin and their Registration has remained limited. For example, Germany, Italy, and the United States are not members of the Madrid Agreement.

4 This appears to be the first acknowledged use of the term “geographical indications.” World Intellectual Prop. Org., Standing Comm. on the Law of Trademarks, Indus. Designs & Geographical Indications, *Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Effective Protection in Other Countries* ¶71, SCT/6/3 (Mar. 12–16, 2001).

5 In this respect, compare the GI-provisions with those for the protection of plant varieties. Despite differences in legal practice, article 27(3)(b) clearly maps out the options of patent protection, an effective *sui generis* system, or a combination thereof.
This has since been repealed and replaced by EC Regulation 510/2006. However, as the case under review concerns EC Regulation 2081/92, the discussion and analysis is similarly focused.

Note the analogy with patents where article 27(1) sets out the definition of patents and also establishes the conditions for grant of protection as new, inventive step and industrial application.

The explanatory note appended to India’s Geographical Indications of Goods (Registration and Protection) Act of 1999 states the following:

<ext>For the purposes of this clause, any name which is not the name of a country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that Country, region or locality, as the case may be.</ext>

By reference to article 19 of the EC proposal of March 29, 1990 (MTN.GNG.NG11/W/68) and to article 9 of the proposal of 14 May 1990 by Argentina and others (MTN.NGN.NG11/W/71).

MTN.NGN.NG11/W/76.


Article 1(2) of the Lisbon Agreement makes a reference to ‘reputation.’ It, however, places reputation as a consequence of quality and characteristics of the good, rather than as an independent attribute as in TRIPS. An analysis of negotiating drafts indicates that “reputation” enters article 22(1) in the consolidated text developed by Ambassador Anell (MTN.GG/NG11/W/76).


See Lilbery & Kneafsey, supra note 16.


Glen MacDonogh, Success and Sour Grapes, Fin. Times, Feb. 8–9, 2003, at 8.


Spirits were added to article 23 (paragraphs 1 and 2 only) toward the end of the negotiations in the Uruguay Round, see Gervais, supra note 12, at 130, and, thus, present a three-level hierarchy in the level of protection. For instance, article 23(3) (homonymous indications) deals exclusively with wines, and article 23(4) (multilateral register) was initially restricted to only wines. For a thorough discussion of this three-level hierarchy, see Sergio Escudero, International Protection of Geographical Indications and Developing Countries 27-30 (South Centre, TRADE Working Paper No. 10, 2001), available at http://www.southcentre.org/publications/geoindication/geoindications.pdf.

Rangnekar, Geographical Indications, supra note 2.

Extension: Communication from Argentina, Australia, Canada, Chile, the Dominican Republic, El
Salvador, Guatemala, New Zealand, Paraguay, the Philippines, Chinese Taipei and the United States,
IP/C/W/386 (Nov. 8, 2002).
27 This compilation was set up on the basis of paragraph 13 of the Ministerial Decision on Implementation-
related Issues and Concerns, adopted at Doha on November 14, 2001. WTO, Implementation-Related
Issues and Concerns: Decision of 14 November 2001, WT/MIN(01)/17, 41 I.L.M. 757 (2002). Note that
this paragraph, as well as paragraph 12(b) of the Doha Ministerial Declaration, does not commit member
states to actually reach an agreement on the issue of the multilateral register and other outstanding
implementation issues. These provisions merely oblige the relevant WTO bodies to address (as a matter of
priority) these issues by the end of 2002 (see paragraph 12 (b) of the Doha Ministerial Declaration). This
issue stands independent of questions concerning the legal status of the Doha Declarations. For a discussion
on the latter, see Steve Charnovitz, The Legal Status of the Doha Declarations, 5 J. Int’l Econ. L. 207
(2002); Carmen Otero García-Castrillón, The Legal Status of the Doha Declarations, 5 J. Int’l Econ. L. 211
(2002).
28 Gervais, supra note 12, at 130–131.
29 Id. at 135.
30 Watal, supra note 21, at 265.
31 Note the contrast with article 27(3)(b) of the TRIPS Agreement, where member states have agreed to
review the sub-paragraph four years after the date of entry into force of the WTO Agreement.
33 See WTO, Singapore Ministerial Declaration of 13 December 1996, ¶19, WT/MIN(96)/DEC, 36 I.L.M.
220 (1997).
(emphasis added):
   <ext>With a view to completing the work started in the Council for Trade-Related
   Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of
   Article 23.4, we agree to negotiate the establishment of a multilateral system of
   notification and registration of geographical indications for wines and spirits by the Fifth
   Session of the Ministerial Conference.</ext>
35 WTO, Council for Trade-Related Aspects of Intellectual Prop. Rights, Communication from Bulgaria,
the Czech Republic, Iceland, India, Liechtenstein, Slovenia, Sri Lanka, Switzerland and Turkey,
IP/C/W/204 (Sept. 18, 2000).
36 Rangnekar, Geographical Indications, supra note 23.
37 The mandated review was initiated in November 1996 and focused on reviewing national legislations and
culminated with the 2002 publication of the Secretariat’s survey of legal means implementing the
obligations set concerning GIs. See Review Under Article 24.2, supra note 1.
38 See Gervais, supra note 12, at 135–136, for a discussion of different interpretations.
39 The example is taken from id. at 136.
40 Note that the first part of article 24(6) of the TRIPS Agreement is not predicated on the date of entry into
force of the WTO Agreement.
41 Gervais, supra note 12, at 136.
42 This legislation has been superseded by EEC 510/2006 of March 20, 2006. However, as the case under
analysis refers to and was adjudicated under EEC 2081/92, the chapter restricts its attention to EEC
2081/92. Some notable differences notwithstanding, the two legislations are highly similar (see Annex III
from Europe (UNCTAD-ICTSD Capacity Building Project on IPRs and Sustainable Development, Issue
08.pdf.
44 Giovanni Belletti, Origin Labeled Products, Reputation and Heterogeneity of Firms, 17 Actes et
Communications 239 (2000).
45 Recall the higher level of protection offered in article 23 of the TRIPS Agreement and the similarity with
provisions in article 13 of EEC 2081/92.
46 See Case C-66/00, Criminal Proceedings Against Dante Bigi, 2002 E.C.R. I-05917 (establishing that the French designation “Parmesan” is a translation of the PDO “Parmigiano Reggiano” and, therefore, cannot be used unless the products on which it was appended were consistent with the relevant specifications), discussed in Bernard O’Connor & Irina Kireeva, Case Comment, Overview of the EC Case Law Protecting Geographical Indications: The Slicing of Parma Ham and the Grating of Grana Padano Cheese, 26 Eur. Intell. Prop. Rev. 313 (2004).


52 As noted below, the respondents obtained a copy of the specifications.

53 See the discussion in O’Connor & Kireeva, supra note 44.

54 Paralleling the Parma ham case was a dispute involving Grana Padano cheese that is protected by a PDO. See Case C-469/00, Ravil SARL v Bellon Import SARL and Biraghi SpA, 2003 E.C.R. I-05053. Here, the Italian company Biraghi, which is one of the producers of Grana Padano cheese in Italy, and the French company Bellon, which is the exclusive importer and distributor of Biraghi products in France, sued Ravil, a company which imports, grates, pre-packages and distributes Grana Padano cheese in France, to cease distribution of Grana Padano cheese. Similar to the Parma ham case, the specifications of the PDO required the grating and packaging to be performed in the region of production. The ECJ found that Ravil had misappropriated the PDO by using it on cheese that is not grated and packaged in the demarcated region of origin.


56 Id.


59 Lord Hoffman states the following:

<ext>But, if your Lordships agree that the language and purpose of the Regulation shows beyond doubt that it was intended to be directly effective, then the argument on transparency becomes an attack on the validity of the Regulation, on its competence to achieve its purpose. [To explain]… the criticisms which are made of the lack of transparency of the Parma ham specification would also apply, one would imagine, to every other specification by reference to which a PDO or PGI has been registered… The Regulation specifically contemplates that registration will be by reference to a specification for which no provision for publication or translation is made. So the argument is an attack on the validity of the entire system of PDOS and PGIs created by the Regulation. If your Lordships regard such a submission as arguable, it would have to be referred for decision to the European Court. In my opinion, however, it is for a number of reasons not so arguable.</ext>

60 Id. ¶39.

61 Id. ¶31.

62 Id. ¶91.

63 While rhetorically powerful, the analogy is mistaken as clarified in the ECJ judgment that the case is about slicing and packing at stages other than retail sale and restaurant sale. See C-108/01, Consorzio del Prosciutto di Parma v. Asda Stores Ltd., 2003 E.C.R. I-05121.


66 Id. ¶78.
Id. ¶¶82–83.

Id. ¶¶80–81.


Id. ¶85.


Id. ¶49. See ¶¶40-50 for a comprehensive discussion.

Id. ¶66.

Id. ¶¶70–75.

Id. ¶¶75–76.

Id. ¶79.


