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"Give Me a Cup of Sack, Boy!": Why *Bordeaux, Chianti*, and *Médoc* are not Generic Denominations in Canada Anymore

by

Jean-Christophe Boze and Jean-François Nadon

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"GIVE ME A CUP OF SACK, BOY!": WHY *BORDEAUX, CHIANTI,* AND *MÉDOC* ARE NOT GENERIC DENOMINATIONS IN CANADA ANYMORE

Jean-Christophe Boze and Jean-François Nadon***[1]

I. INTRODUCTION

After years of legal endeavours and the filing of an action by the Comité Interprofessionnel des Vins de Bordeaux ("CIVB") in 2002[2], the European Union ("EU") and Canada brought an end to an old dispute about the protection of geographical indications in 2003 by signing the Agreement on Trade in Wines and Spirit Drinks ("the Agreement").[3] The new Agreement updates an existing 1989

* Jean-Christophe Boze is a French Lawyer, a laureate of the Paris II Pantheon-Assas and Montpellier I universities (LLM Business Law/Postgraduate diploma in Intellectual Property Law – DEA Droit des Créations Immatérielles). Based in Brussels, Belgium, he is currently working on a doctoral dissertation about the legal protection of geographical indications in the USA under the supervision of Professor Michel Vivant (Université Montpellier I, France) and in collaboration with Professor Norbert Olszak (Université Robert Schuman, Strasbourg, France). He was invited by Professor Neil D. Hamilton to spend a year at Drake University Law School as the *Inaugural Louis Lorvellec International Food Law Scholar* in 2004-05. J.C. Boze teaches a course on geographical indications law at Drake. He is also writing a book on wine-labeling in the USA. (jcmb@laposte.net).

** Jean-François Nadon, Lawyer, is a member of LEGER ROBIC RICHARD, L.L.P., a multidisciplinary firm of lawyers and patent and trademark agents (www.robic.ca).

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2. Commission Decision 2004/891, 2004 O.J. (L375) 28 (EC).
3. Agreement Between the European Community and Canada on Trade in Wines and Spirit Drinks [hereinafter Agreement], Can.-EC, Sept. 16, 2003, 2004 O.J. (L 35) 3.

treaty and marks a new step in the relations between Canada and the EU by redefining the treaty to the mutual benefit of both parties.[4] It may also have indirect consequences on a similar dispute over generic denominations between the EU and the USA. This article is a short presentation of the Agreement and its consequences on the protection of geographical indications in Canada.

II. IMPLEMENTATION OF THE AGREEMENT

It took two years for the parties to agree on a final text, which was formalized in three steps.[5] The negotiations ended on April 24, 2003, and a settlement was reached in June.[6] The official document was signed on September 16, 2003, in the beautiful setting of Niagara-on-the-Lake in Ontario, Canada.[7]

In order to fully commit to the Agreement, both parties were then to implement it in accordance with their respective legal requirements.[8] The European Commission in Brussels, which is in charge of negotiating treaties for the EU,[9] approved its text and forwarded it to the European Council with a recommendation to allow its signature.[10] Canada adopted the Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act ("the Order"), which was published on May 5, 2004.[11]

The Agreement became effective on June 1, 2004, which was "the first day of the second month following the date on which Canada and the European Community ("EC") exchanged diplomatic notes confirming the completion of their respective procedures" for its implementation as provided in section 41.[12]

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4. *Compare* Agreement Between the European Economic Community and Canada Concerning Trade and Commerce in Alcoholic Beverages, Can.-Eur., Feb. 28, 1989, 1989 O.J. (L71) 42, *with* Agreement, *supra* note 3.

5. *See* Council Decision 2004/91, preface, 2004 O.J. (L35) 1, 1(EC) (noting the date of authorization of the commision and the date negotiations concluded); Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, 138 C. Gaz., Part II, 427, 427 (May 5, 2004) (Can.), *available at* http://gazetteducanada.gc.ca/partII/2004/20040505/html/sor85-e.html.

6. Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, 138 C. Gaz. Part I, 239, 239 (2004 Can.) *available at* http://canadagazette.gc.ca/partI/2004/20040207/html/regle1-e.html.

7. Agreement, *supra* note 3, at 96.

8. *Id.* at 5-6.

9. EUROPEAN UNION, ROLE OF THE EUROPEAN COMMISSION, http://europa.eu.int/comm/role_en.htm.

10. *See* Council Decision 2004/91, *supra* note 5, at 1.

11. Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 5, at 427.

12. Order Amending Subsections 11.18 (3) and (4) of the Trade-marks Act, *supra* note 6, at 239.

III. GEOGRAPHICAL INDICATIONS IN THE AGREEMENT

As indicated in the title, the Agreement addresses issues relating to trade in wine and spirits, which includes geographical indications.[13] Geographical indications are a type of intellectual property right.[14] Generally speaking, a geographical indication is a name or symbol identifying a good as originating in a particular place, locality, or region.[15] To be considered a geographical indication, the product should possess certain qualities, reputation, or other characteristics acquired from its place of origin.[16] These characteristics typically involve natural and/or human elements.[17]

On an international level, the regime for the protection of geographical indications is mainly defined by articles 22 to 24 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs Agreement").[18] All WTO members must comply with the provisions contained in these articles.[19] This is why Canada had to modify the Trade-marks Act in 1994 by adopting Article 2 and Articles 11.11 to 11.20. Article 2 now defines a geographical indication ("GI"), and Articles 11.11 to 11.20 deal specifically with GIs.[20] A GI, with respect to a wine or spirit, is an indication that "identif[ies] the [wine or spirit] as originating in the territory of a [WTO] Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the [wine or spirit] is essentially attributable to its geographical origin."[21] According to Canadian federal law, a geographical indication designates, with a name or a symbol, a product by the denomination of its place of origin and the reputation, and one of the product's qualities or any of its other characteristics must essentially be attributable to its geographical origin.[22]

To get a GI added to the list of prohibited trademarks, a distinct process must be followed. First, each indication must be added to the registry of trade-

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13. *See* Agreement, *supra* note 3, at 5.

14. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Art. 22(1), Legal Instruments-Results of the Uruguay Round, 33 I.L.M. 1125 (1994) [hereinafter TRIPs Agreement], *available at* http://www.wto.org/english/docs_e/legal_e/legal_e.htm#TRIPs.

15. *Id.*

16. *Id.*

17. *See id.* (discussing the purpose of geographical indications).

18. *See id.* (defining geographical indications).

19. *Id.*

20. *See* Canada Trade-marks Act, R.S.C., ch. T-13, §§ 2, 11.11-11.20 (2005).

21. TRIPs Agreement, *supra* note 14, at Art. 22(1). *See also* Agreement, *supra* note 3, at 5.

22. *See* Canada Trade-marks Act, *supra* note 20, at § 11.2.

marks.[23] Then a notice is filed naming the wine or spirit, the registration it is associated with, the competent authority, and identifying the reputation or other quality/characteristic that justifies the registration.[24] The notice is published in the Official Gazette of Canada instead of the Trade-marks Journal.[25] Finally, individuals are given three months within the date of publication to file opposition to the registration. [26]

IV. LIST OF GENERIC NAMES

Despite the changes that were made to the Canadian Trade-marks Act, several appellations are excluded from the newly created protection and appear in the list of so-called "generic" denominations. The following is a list of wines considered generic under section 11.18(3): Champagne, Port, Porto, Sherry, Chablis, Burgundy, Bourgogne, Rhine, Rhin, Sauterne, Sauternes, Claret, Bordeaux, Chianti, Madeira, Malaga, Marsala, Medoc, Médoc, Moselle, Mosel, and Tokay.[27] Section 11.18(4) lists the following as generic spirits: Grappa, Marc, Sambuca, Geneva Gin, Genièvre, Hollands Gin, London Gin, Schnapps, Malt Whiskey, Eau-de-vie, Bitters, Anisette, and Curacao et Curaçao.[28]

Before the adoption of the amendments to the Trade-marks Act, Canadian law allowed the use of these generic terms for wines even though the wine did not originate in the region they designated.[29] This was a great concern for the EU, who has been fighting over use of generic and semi-generic denominations for a long time.[30] The fight with Canada was finally brought to an end with the signing of the Agreement, which Canada subsequently had transposed into national law.[31]

It was possible for Canada to modify the original Trade-marks Act through paragraph (5), which allows the Governor in Council to issue an order to amend paragraphs (3) and (4).[32] With the adoption of the Order, Canada has finally agreed to progressively eliminate the list of generic names for wines, as

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23. *Id.* at § 11.12.
24. *Id.* at § 11.12.
25. *Id.* at § 11.12-.13.
26. *Id.* at § 11.12-.13.
27. *Id.* at § 11.18(3).
28. *Id.* at § 11.18(4).
29. *See* Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 6, at 239 (discussing the effect of elimination of generic names).
30. *See id.* at 241 (discussing the EC's complaints against Canada under the WTO).
31. *See* Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 5, at 85; Canada Trade-marks Act, *supra* note 20, at § 11.13-.14 (codifying prohibited adoptions of indications for wine and spirits).
32. Canada Trade-marks Act, *supra* note 20, at § 11.18(5).

well as two generic names of spirits, "Grappa" and "Ouzo", from its Trade-marks Act.[33]

V. CONSEQUENCES OF THE ORDER

As a direct consequence of signing the Order, paragraphs 11.18(3)(a), 11.18(3)(f) to (k), 11.18(3)(l) to (v), and 11.18(4)(a) and (c) of the Trade-marks Act have been repealed.[34] Paragraphs 1(3) and 1(4) come into force immediately on the date of registration of the Order.[35] Paragraphs 1(2) and 1(1) respectively come into effect on December 31, 2008 and December 31, 2013.[36]

On a practical level, this means that the "generic" classification of 21 European wines in Canada will be terminated in the following three phases: 1) immediately upon publication of the Order for Bordeaux, Chianti, Claret, Madeira, Malaga, Marsala, Medoc, Médoc, Mosel, and Moselle; 2) by December 31, 2008 for Bourgogne, Burgundy, Rhin, Rhine, Sauterne, and Sauternes; and 3) by December 31, 2013 for Chablis, Champagne, Port, Porto and, Sherry.[37] Moreover, Article 12.2 provides that none of the concerned denominations may be used "to describe or present a Canadian wine that is certified as meeting VQA[38] rules" from the date of entry into force of the Agreement.[39]

In return, the EU has agreed to simplify the certification process of Canadian wines, thus giving them easier and better access to the European market.[40] It has also agreed to protect Canadian appellations, such as Okanagan Valley, Niagara Falls, and Canadian Whiskey, as well as denominations such as "Rye Whiskey," which the EU will consider as an exclusively Canadian product.[41]

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33. *See* Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 6, at 239. "Grappa" and "Ouzo" are no longer found in R.S.C., §§11.18(3) and (4).

34. Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 5, at 427.

35. *Id.*

36. *Id.*

37. Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 6, at 239.

38. *See* VINTNERS QUALITY ALLIANCE, ABOUT VQA ONTARIO, http://www.vqaontario.com/about/about.html (stating that *Vintners Quality Alliance* is the Federal certification sign of origin for wines in Canada).

39. Agreement, *supra* note 3, at 6.

40. *See id.* at 8 (showing the certification process by the community); *see also* Order Amending Subsections 11.18(3) and (4) on the Trade-marks Act, *supra* note 6, at 240.

41. Agreement, *supra* note 3, at 6, 50, 58.

VI. CONCLUSION

The signature of the Agreement will likely have only a minor negative impact on the Canadian wine and spirit industry, as very few of the wines and spirits produced in Canada carry the generic names listed in subsections 11.18(3) and (4) of the Trade-marks Act.[42] The least advantageous provisions in the Agreement seem to be those leading to the removal of denominations such as Chablis, Champagne, Porto, and Sherry from the list of generic names in 2013.[43] However, several studies conducted by the federal government have shown that Canadian winemakers are not opposed to the progressive phasing-out of generic denominations as long as it is accompanied by better access for their products in the European market.[44]

The new context will certainly benefit European producers who are allowed to reinforce the protection of their intellectual property rights over denominations in Canada.[45] This is possible because the denominations covered by the Agreement will cease to be considered common names for Canadian wines.[46]

It should be noted that the Agreement has not solved all of the problems regarding geographical indications.[47] However, the EU and Canada have left the door open to address the other issues that were not solved by the Agreement. The parties entered into a joint declaration by agreeing to the following:

> [To] enter into discussions concerning the term "Highland Whisky," with a view to reaching an Agreement by 30 June 2005 concerning the use of them, in line with any WTO rights and obligations, which does not mislead consumers as to the origin of the whisky, and which takes into account the usage of the term in Canada in recent years. [48]

In a clear reference to other pending matters involving the U.S. and Australia in the WTO, the EU and Canada have also jointly declared the provisions of this agreement to be "without prejudice to their respective positions in the ongoing negotiations within the WTO related to intellectual property and rules of origin".[49]

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42. Order Amending Subsections 11.18(3) and (4) of the Trade-marks Act, *supra* note 6, at 241.
43. *Id.* at 239.
44. *Id.* at 240.
45. *Id.* at 240.
46. *See id.* at 240.
47. *See, e.g.*, Agreement, *supra* note 3, at 98 (discussing future negotiating plans concerning the term "Highland Whiskey").
48. *Id.*
49. *Id.*

In conclusion, it seems that the main interest in the Agreement may well lie in the indirect repercussions it is likely to have in the on-going dispute between the EU and the U.S. on the issue of semi-generic denominations.[50] Under the 1936 Amendment to the Federal Alcohol Administration Act,[51] champagne is one of the denominations the U.S. allows to be used to designate a sparkling white wine of U.S. origin, provided that its true place of origin is also mentioned on the label.[52] Just like their Canadian counterparts, California and New York champagne labels have thus been a source of irritation for the EU for several years now, and an agreement is yet to be reached with the U.S.[53] In that regard, and however symbolic it may seem, the closing of the Canadian market to these wines may well be a turning point in this seemingly never-ending dispute.

50. *See* VINITALY, NEGOTIATIONS CONTINUE, EU-USA AGREEMENT STILL DISTANT. TWO YEARS OF POSTPONEMENTS FOR US WINE DISCUSSIONS, *at* http://www.vinitaly.it/news_archivio_en.asp?id=730 (stating that the latest American demands are rather difficult for the Europeans to accept).

51. According to 1936 Senate Congressional Record (No. 506), the amendment to the Federal Alcohol Administration Act which led to the legal recognition of semi-generic denominations was qualified by one of its most dedicated opponents as "an amendment to authorize the pirating of brands and processes".

52. *See* VINITALY, *supra* note 50 (stating the U.S. was asked by the EU to stop using semi-generic denominations that match protected geographical indications).

53. *See generally id.* (discussing recent attempts by the EU and U.S. to reach an agreement regarding the wine trade).