Abstract

This article delves into the realm of geographical indications (GIs) within the framework of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Specifically, it focuses on the enhanced protection granted to GIs for wines and spirits under Article 23 of the agreement, going beyond the standard protection mechanism outlined in Article 22. We will explore the historical context that led to this special treatment, examine the potential controversies surrounding it, and assess its impact on trade dynamics within the wine industry, particularly in the European Union (EU) and India.

Keywords: Geographical Indication, wines and spirits, TRIPS Agreement, domestic wines.

I. INTRODUCTION

The vast world of intellectual property rights holds within it a captivating and complex form: geographical indications (GIs). These designations serve as a marker of a product's origin, where its quality, reputation, and very essence are deeply intertwined with the location in which it comes from. Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), GIs for wines and spirits are given special attention. In fact, Article 23 grants them a higher degree of protection than the standard measures outlined in Article 22. This heightened protection can be traced back to a rich historical tapestry. The Madrid Agreement of 1891 first acknowledged the significant connection between wines, spirits, and their place of origin. This was just the beginning of an ongoing effort to preserve and protect the unique heritage of these products.

Close your eyes and picture yourself holding a delicate glass of sparkling wine, adorned with the coveted label "Champagne." The mere thought brings to mind the luxurious and celebrated region of France where it hails from. This image alone conveys the strict guidelines set by Article 23, which prohibits the use of this protected Geographic Indication (GI) unless the wine was truly produced in the Champagne region. This includes translations or descriptors like "kind," "type," or "imitation." While this may seem restrictive, it ensures the preservation of the reputation and quality associated with these GIs, while preventing confusion and unfair competition among consumers. Producers who attempt to market their products using a GI they do not have the rights to face the possibility of refusal or invalidation, as designated by trademarks. This effectively safeguards the integrity of protected GIs and prohibits outside producers from leveraging their prestige to sell their own products. However, navigating these regulations ultimately benefits both producers and consumers, preserving the authenticity and reputation.

The use of identical names for products from different regions, also known as homonymous GIs, can present certain challenges. However, Article 23 recognizes this issue and stipulates protection for each indication, as long as it does not lead to consumer confusion and treats producers fairly. The future of GI protection for wines and spirits is full of potential, with Article 23.4 envisioning the creation of a global system for notification and registration of these valuable designations. This collaborative effort has the potential to simplify protection measures, promote transparency, and empower producers in regions renowned for their unique offerings. It is no wonder that the heightened protection granted to GIs for wines and spirits under the TRIPS Agreement is a complex and intricate tapestry, woven from considerations of history, consumer rights, and economic factors.

II. RATIONALE ADDITIONAL PROTECTION OF WINES AND SPIRITS

HISTORICAL REASONS FOR ADDITIONAL PROTECTION OF WINES AND SPIRITS

The aftermath of World War I saw a Europe struggling to mend its wounds. Among the victors, France faced a particular concern: safeguarding the legacy of its renowned wines and spirits. Having witnessed the devastation inflicted upon the Champagne region, the heart of its sparkling wine production, France feared a potential post-war surge in imitations.

1 Chapter 2 -Geographical Indications –Retrospect and Prospect; Available at: http://shodhganga.inflibnet.ac.in/bitstream/10603/9857/11/11_chapter%202.pdf
flooding the market. This anxiety, fueled by historical rivalries, played a pivotal role in shaping the landscape of geographical indication (GI) protection for wines and spirits.

The Treaty of Versailles, a document dictating the terms of Germany's defeat, became a crucial battleground for France's quest to protect its treasured appellations. Tucked within the treaty's clauses was a seemingly innocuous article – yet one carrying immense significance. This provision stipulated the mutual respect for existing laws and judicial decisions regarding regional appellations for wines and spirits. France, bearing the scars of war and determined to shield its cultural and economic assets, had secured a level of protection unseen before.

It's noteworthy that this wasn't the first time such special attention was granted to wines and spirits. The Madrid Agreement of 1891 had already laid the groundwork for international recognition of GIs. However, the Treaty of Versailles marked a decisive step forward, elevating the protection of these designations to a matter of international treaty.

The treaty went beyond mere acknowledgment. It established a principle of reciprocity, requiring Germany to respect French regulations on regional appellations if France offered similar treatment to German designations. This ensured fairness and prevented unfair competition in the burgeoning global market for wines and spirits. Furthermore, the treaty empowered the German government to crack down on the import, export, or sale of products bearing misleading or inconsistent regional appellations, adding teeth to the protective measures.

The French anxieties stemming from the devastation of World War I may have been the immediate catalyst for this enhanced protection, but its impact resonated far beyond the historical context. The Treaty of Versailles served as a critical stepping stone in the evolution of GI protection, paving the way for the even more comprehensive framework established later under the TRIPS Agreement. By safeguarding the unique character and quality associated with specific regions, this early recognition of the special status of wines and spirits laid the foundation for a global system protecting the cultural and economic heritage embedded within geographically-linked products.

PROTECTION GIVEN TO WINES AND SPIRITS UNDER TRIPS

Imagine a world where "Champagne" evokes not rolling French vineyards but fizzy concoctions from unexpected corners of the globe. This scenario isn't just a quirky thought experiment; it highlights a contentious facet of intellectual property rights: the special treatment granted to wines and spirits under Article 23 of the TRIPS Agreement.

Within the framework of geographical indications (GIs) protected by the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, wines and spirits occupy a distinct position. Article 23 of the Agreement grants them enhanced protection compared to other products. This raises several critical questions: what distinguishes wines and spirits, and why do they warrant this elevated status? The answer lies in their unique history and vulnerability. These unique character of these beverages stems from their close ties to their place of origin. The specific terroir a combination of geography, climate, and soil plays a significant role in shaping their distinct characteristics. This inherent link between origin and quality makes wines and spirits particularly vulnerable to imitation, potentially misleading consumers and diluting their reputation.

In recognition of this vulnerability, Article 23 provides an additional layer of protection beyond the standard provisions for GIs outlined in Article 22. Key features of this enhanced protection include:

- Prohibition of the use of protected GIs even with qualifiers: Using terms like "kind," "type," or "imitation" in conjunction with a protected GI for wines or spirits is prohibited, even if the true origin is disclosed.
- Mandatory refusal or invalidation of conflicting trademarks: Trademarks incorporating or consisting of a GI for wines or spirits not originating from the specified region must be refused or invalidated.
- Obligation to engage in further negotiations: The Agreement mandates further discussions on establishing a multilateral system for notification and registration of GIs for wines and spirits.

However, the special treatment granted to wines and spirits under Article 23 is not without its challenges. Some argue that it creates an unlevel playing field, favoring established producers from specific regions and hindering market access for developing countries with burgeoning wine and spirit industries. Also concerns have been raised regarding the potential for administrative complexities and increased costs associated with implementing the enhanced protection mechanisms. These points highlight the multifaceted nature of the issue. While acknowledging the unique vulnerabilities of wines and spirits, it is crucial to consider the potential implications of their elevated status within the broader context of global trade and fair competition.

The Doha Declaration of 2001 recognized these concerns and envisioned the establishment of a multilateral register of GIs for wines and spirits, aiming to streamline protection and transparency. However, negotiations around this register, as well as the potential extension of Article 23’s benefits to other products, remain deadlocked. On one side, proponents of extending the "royalty treatment" argue for harmonization and consistency within the GI system. On the other side, opponents fear further market domination by established players and advocate for a level playing field that empowers all producers, regardless of their geographical pedigree.

This privileged status arose from the complex negotiations that birthed the TRIPS Agreement. The UK Commission on Intellectual Property Rights reveals deep divisions between the US and EU, and even within developed and developing countries, regarding GI protection. Ultimately, Article 23’s enhanced protection for wines and spirits was a compromise born of negotiation complexities, not solely because of their unique characteristics.3 It became the "success story" for the EU, leaving other products yearning for similar recognition.

Seeing this imbalance, India, along with other developing nations, sought to extend the "gilded goblet" protection to their own GIs like Darjeeling tea and Alphonso mangoes. They argued that such enhanced protection would boost trade, protect consumers, and ultimately, fuel export of their prized products. However, developed countries like the US opposed this expansion, fearing it would reopen the already negotiated TRIPS Agreement and create new administrative burdens, trade disruptions, and even WTO disputes.

The core of the debate lies in finding a balanced solution that addresses trade inequalities without overburdening members, protects consumers from misleading GIs, and fosters both innovation and cultural diversity. Only by navigating this complex debate can we ensure that the benefits of GI protection extend beyond the select few holding the "gilded goblet" and truly toast to the rich tapestry of unique products and cultural heritage around the world. Will Article 23 remain a gilded cage for wines and spirits, or will its special privileges be democratized? Will a multilateral register become a bridge or a chasm between traditional and emerging producers? These are questions the international community must grapple with, ensuring that GI protection serves the greater good: promoting fair trade and cultural diversity, not just safeguarding the exclusive vineyards of a select few.

BILATERAL AGREEMENTS: EFFECTIVE PROTECTION MECHANISM

While the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement sets a basic standard for geographical indication (GI) protection, it grants wines and spirits a higher level of protection. This has spurred countries, driven by the EU, to negotiate bilateral agreements4 extending this enhanced protection to specific products. These agreements often occur within the framework of Free Trade Agreements (FTAs), allowing for trade-offs across sectors.

The EU has been particularly active in this space, concluding agreements with numerous countries, including Canada, Chile, and Mexico. These agreements frequently aim to "claw back" GI protection, meaning they secure protection for

EU products that were previously used as generic terms in the partner country, even if grandfather clauses in TRIPS allow such uses.

Two key aspects of the EU's "claw-back" strategy stand out:

1. Extending the higher protection: The EU seeks to extend the enhanced protection currently enjoyed by wines and spirits to other agricultural and food products.
2. Automatic and absolute protection: The EU aims to secure automatic and absolute protection for a specific list of 41 EU products, including wines, spirits, and other agricultural goods.\(^5\)

These efforts raise several questions:

- Fairness: Does extending the enhanced protection beyond wines and spirits create an uneven playing field, favoring producers in specific regions?
- Trade implications: Do such agreements lead to unintended consequences for other sectors involved in the FTA?
- Compatibility with TRIPS: Does the "claw-back" approach fully comply with the existing provisions of the TRIPS Agreement?

The "claw-back" strategy highlights the ongoing evolution of GI protection. While it promises stronger protection for certain producers, its implications for fair trade and international agreements deserve careful consideration.

III. WINE INDUSTRY IN INDIA

The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement protects geographical indications (GIs) – names that link a product's unique qualities to its origin place. Indian wine producers are increasingly seeking GI recognition for their products, enjoying the benefits of brand protection, cultural preservation, and market expansion.

The Indian wine industry is flourishing, becoming an integral part of urban life. Reduced import tariffs and relaxed regulations are opening doors for both domestic and foreign players. This dynamic market, one of the world's largest for alcoholic beverages, is fueled by:

- Rising incomes: Increasing disposable income creates a more receptive market for premium products like wine.
- Shifting demographics: A younger generation with evolving tastes and cultural influences shows greater interest in wine.
- Foreign tourism: Increased tourist inflow boosts demand for diverse beverage options.
- Policy changes: Loosening regulations and simplified procedures encourage wine production and consumption.

Indian wines fall into three main categories:

- Premium Still Wines: This dominant segment includes diverse white and red varietals catering to discerning palates.
- Sparkling Wines: Often miscategorized as white wines, these celebratory options are gaining popularity.
- Fortified Wines: While not yet widely established as premium products, their presence is growing.

Within these categories, wines are further classified based on their origin and bottling:

\(^5\) WTO | intellectual property (TRIPS) - Geographical indications - Background and the current situation. (n.d.). [https://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm](https://www.wto.org/english/tratop_e/trips_e/gi_background_e.htm)
Domestic Indian Wine: Grapes grown and bottled in India by domestic wineries.
Foreign Bulk Wine Bottled in India: Imported bulk wine bottled and distributed by domestic producers.
Foreign Wine Bottled in Origin: Over 200 imported brands are available, distributed by domestic players, importers, and foreign companies.

As India's wine market matures, GI recognition offers exciting possibilities for local producers. Protecting the unique terroir and reputation of specific Indian wine regions can enhance brand value, promote sustainable production, and boost exports. Navigating the diverse categories and origins within the market will be crucial for both consumers and producers to fully savor the potential of India's vibrant wine scene.

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This table is created from the data published under the website of www.ipindia.gov.in as "Registration Details of Geographical Indication". This data shows that majority of the protection is to the products of foreign origin and only few that are locally produced in India are protected through the GI mechanism.

### Locally Produced Wines and Drinks

India's homegrown wines are quietly claiming their rightful place, accounting for a remarkable 75% of the market. This shift not only fuels local businesses and boosts the economy but also celebrates the growing appreciation for Indian terroir and winemaking expertise. However, foreign products now outnumber Indian ones in requests for GI registration in India. There are several local wines and spirits produced and consumed by large number of people in different parts of the country. The popular ones like the "Judima" traditional rice wine, a popular alcoholic beverage of Assam's Dimasa tribe - and an integral part of the community's social and cultural life is a fit candidate for geographical indication (GI) registration. There are several other alcoholic drinks brewed by the locals such as Chhang from Ladakh-Barley Beer, Poro Apong from Assam-Rice beer the culture heritage of the Adi and Mising tribe in Assam, Chuwarak from tripura- a versatile Tripuri whiskey, Handia-from jharkhand-the rice beer that the santhalis and mundas offer to their gods, Kiad from Meghlaya introduced as a medicinal remedy to the Pnar people of Meghalaya in 1880's, Zutho from Nagaland, Kesar Kasrturi from Rajasthan, Xaj from Assam it is the rice beer fermented with rice and herbs, Zawlaidi from Mizoram, toddy from Andhra Pradesh- the intoxicant harvested from palm trees, Kodo Ko Jaanr from sikkim, Kinnauri Ghanti or chulli from Kinnaur having the texture of cognac, Mahua from Chattisgarh made using the mahua flowers, sekmai Yu from Manipur -rice wine, raksi from sikkim, lugdi from Himachal Pradesh- a rice beer that helps in keeping warm, Arak- the Ladaki whisky etcetera. All these having the traditional knowledge from different parts of the country are mostly consumed by large sections of people and if due recognition and protection is given through proper framework, it may help in flourishing the economy of Indian wine industry through various benefits that accumulate through the Geographical indication protection framework. Ultimately it will the people of such region to protect and promote their traditional knowledge, it will promote the internal market and increase competition.

Traditional Knowledge (TK) and Geographical Indications (GIs) share a common element insofar as they both protect accumulated knowledge typical to a specific locality. While TK expresses the local traditions of knowledge, GIs stand for specific geographical origin of a typical product or production method. GIs and TK relate a product (GIs), respectively a piece of information.

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7 https://ipindia.gov.in/registered-gls.htm

(TK), to a geographically confined people or a particular region or locality.” Traditional Knowledge (TK) and Geographical Indications (GIs) share a common element insofar as they both protect accumulated knowledge typical to a specific locality. While TK expresses the local traditions of knowledge, GIs stand for specific geographical origin of a typical product or production method. GIs and TK relate a product (GIs), respectively a piece of information (TK), to a geographically confined people or a particular region or locality.”

**Benefits to EU due to Special Protection of Wines and Spirits**

For the European Union, geographical indications (GIs) offer a golden chalice filled with benefits, reaching from rural communities to supermarket shelves. Some key advantages are noted below:

**Economic Dividends:**
- Rural prosperity: GI production boosts income for farmers by rewarding quality and effort, injecting wealth and jobs into rural areas.
- SME engine: Unlike industrial production, GI systems rely heavily on small and medium-sized enterprises, creating more jobs per product.

**Empowered Consumers:**
- Choice with confidence: GIs act as user-friendly labels, empowering consumers to choose quality food with guaranteed origin and production methods. This translates to willingness to pay premium prices.
- Sustainable future: GIs encourage environmentally friendly practices and biodiversity preservation, ensuring a diverse and sustainable food system for Europeans.

**Market Champions:**
- Quality over quantity: In markets where commodities struggle, GIs become powerful tools for European producers to compete on quality and added value.
- Regional development: GI production often thrives in disadvantaged EU regions, contributing to balanced spatial planning.

**Legal and Internal Strength:**
- Unfair competition shield: GIs act as industrial property rights, protecting producers from unlawful trade practices.
- Competitive market: They strengthen the internal market by promoting fair competition and boosting European industry's edge.

GIs empower both producers and consumers, drive economic growth in rural areas, and promote a sustainable and competitive European agricultural policy. They are truly a toast-worthy tool for the EU's future.

**GI Protection to Wine Industry in India: From Nashik Grapes to Global Recognition**

India's wine industry, particularly in regions like Nashik, faces a familiar challenge: domestic wines lag behind foreign giants like champagne and tequila in securing coveted Geographical Indication (GI) status. This isn't just about cultural pride; strengthening GI protection and marketing for Nashik's unique grapes and blends holds immense potential to

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empower communities, reduce poverty, and revitalize rural life. Nashik, nestled amidst rolling hills and kissed by the Deccan sun, boasts a thriving wine industry. Its fertile soils and distinct climate nurture grapes that produce wines with unparalleled character. Yet despite this rich heritage and international acclaim, Nashik wines lack to translate benefits of GI to lost opportunities for local producers, hindering their competitive edge and economic growth.

- Increased incomes and job creation: A GI tag would boost demand for Nashik wines nationally and internationally, translating to higher profits for grape growers, winemakers, and local businesses. This would inject much-needed financial lifeblood into the region, creating employment opportunities and combating rural poverty.
- Sustainable advantage: Unlike patents with limited lifespans, GIs are perpetual, offering long-term stability and reducing marketing costs. This focus on sustained reputation building encourages innovation and ensures Nashik wines stay relevant in a global market.
- Community-driven prosperity: Unlike individual monopolies, GIs empower collective producer bodies, ensuring equitable distribution of benefits and fostering regional economic development. This creates a sense of shared ownership and incentivizes sustainable practices throughout the winemaking chain.

The impact of GIs extends beyond financial metrics:

- Reduced vulnerability to poverty: The secure income stream provided by GI certifications would diminish poverty in Nashik's rural communities. This incentivizes young people to stay on their land, preserving valuable indigenous knowledge and cultural practices.
- Sustainable viticulture: Strong GIs discourage mass production and promote environmentally friendly practices, safeguarding the land and biodiversity that are the very essence of Nashik's distinctive wines.
- Touristic boom: Nashik wines, under the protection of a GI, could become tourist magnets, creating a symbiotic relationship between the product and its origin. Visitors drawn to the unique terroir and quality wines would generate additional income and support local businesses, revitalizing the regional economy.

IV. CONCLUSION

The double protection mechanism adopted under TRIPS agreement poses uncertainty in the legal regime for the protection of Geographical indications that is creating unnecessary controversy. Due to the additional protection system of wines and spirits under TRIPS various countries from EU, US and several other states are making use of the enhanced protection to their benefit. Many of the wines and spirits in India that are GI registered are of foreign origin whereas the alcoholic drinks prepared by the locals of different regions are left behind. It is not true that only foreign drinks are consumed but contrary to that belief most the alcoholic beverages are locally made. India's liquor market, the world's third-largest and fastest-growing, reveals a fascinating geographic divide. Molasses and grains fuel the north's love for affordable country liquor, while the south sways to the rhythm of palm and coconut spirits. This price-driven preference plays a key role, with country liquor capturing a staggering 48% of the domestic market, thanks to its budget-friendly status compared to pricier Indian-made foreign liquor and imports. Through proper recognition and protection mechanism, the local business will develop which will help in community development and expand the tourism business which in turn will help boost up the economy and protect the rich culture of various regions of the country. It will provide a status that enhances its prestige in foreign markets and allows for better trading opportunities that spirits like scotch or tequila enjoy.


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