

# A Little Shot of Reality to Go in Your Coffee...



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## The Function of Trademarks

### Identifying and Advertising

- “The protection of trademarks is the law’s recognition of the psychological function of symbols.” U.S. Supreme Court (1942)

### Quality Control and Liability

- “An owner’s mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation, whose quality no longer lies within his own control.” 2d Circuit Court of Appeals (1928)

### Private Property Rights

“[A trademark] does not confer a right to prohibit the use of the word or words. It is not a copyright....A trade-mark only gives the right to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his....” US Supreme Court (1924)



## Doesn't this sound like a GI?

- **Symbols**
- Used by Consumers
- **Valuable** to indicate:
  - **Quality** (good or bad)
  - Desirable (or non-desirable) product **characteristics**
  - Liability
- Value driven by ability to function as **consistent** symbols over time;
- Consistency stems from **control** by owner of production standards and terms of licensing (“good will”);
- Tied to specific **goods**; and
- Tied to specific **owner** (can be a collective set of owners)

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## Why Should We Grant Exclusive Rights to TM/GI Owners?

### Consumer Benefits

- Encourages production of quality products;
- Higher quality for consumers;
- Promotes efficiencies in the marketplace by minimizing search costs for consumers;
- Manufacturer's liability – who to blame for bad products.

### Owner Benefits

- Priority and exclusivity
  - right to exclude others for as long as value of term to consumers exists;
- Market differentiation;
- Higher prices for producers.

**The consumer should benefit, not suffer, from the grant of an exclusive IP right to someone else.**

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## An exclusive GI right is not a gift: it must be earned...

### GI Protection Balances Interests:

- **Control by the owner creates value with the consumer.**
- **Value is realized via consumer demand.**
- **Value is preserved via exclusive rights.**

### Proposal for GI Protection that Protects Owners and Hurts Consumers:

- **International GI demandeurs are urging us to work backwards.**
  - Granting exclusive rights via trade negotiations upsets balanced IP systems:
    - Taxpayer revenue required for ensuring exclusivity;
    - No use required – place holder in case of future use;
    - No efficiencies gained for consumers;
      - No recognition by consumers required;
      - No search costs saved;
      - Known products taken off the market.

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## TMs and Collective Marks: Collective Use/Collective Control

Trademarks and Collective Marks: Acquired distinctiveness required for geographic terms.

Delayed grant of exclusivity – only to those who have exclusively and continuously used the geographic term as a source identifier.

Rewards producers and collectives who have already commercialized a geographic term as a source identifier.

Collectives or cooperatives are usually the owner – already collectivized and subsequently control the use of the term by their members.

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## Certification Marks: Owner Controls Collective Use

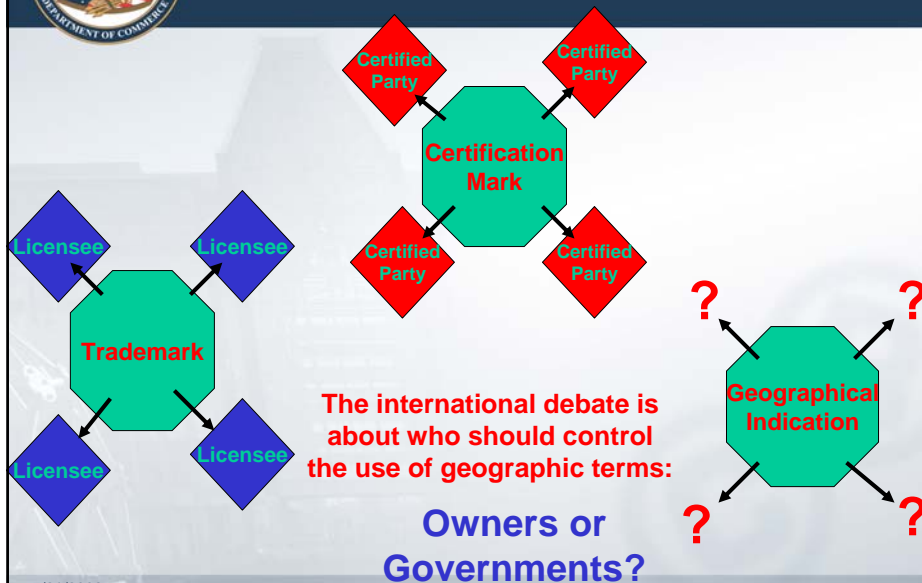
- Certification marks: no acquired distinctiveness required for geographic terms.
- Owner is usually a governmental body or association of producers working on behalf of producers in a geographic region.
- Certifier certifies conforming goods.
- Certifier may not discriminately refuse to certify goods that meet the standards.
- Latecomers to the collective group of users are allowed entrance – no discrimination.

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## Control Down the Distribution Chain



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## Ex Officio Enforcement Not Available in Europe

European Court of Justice  
Case C-132/05, 26 February 2008

72 “With regard to the Commission’s complaint concerning the obligation on the Member States to take on their own initiative the measures necessary to penalise infringements of Article 13(1) of that regulation, the following points must be made.”

73 “First of all, there is no such obligation under Article 10 of Regulation No 2081/92.”

78 “It follows that the inspection structures whose task it is to ensure compliance with the PDO specification are those of the Member State from which the PDO in question comes. The responsibility for monitoring compliance with the specification when the PDO ‘Parmigiano Reggiano’ is used therefore does not lie with the German inspection authorities.”

**Europe requires civil enforcement action by PDO owner. Just like the US.**

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## For more information...

[www.uspto.gov](http://www.uspto.gov)

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