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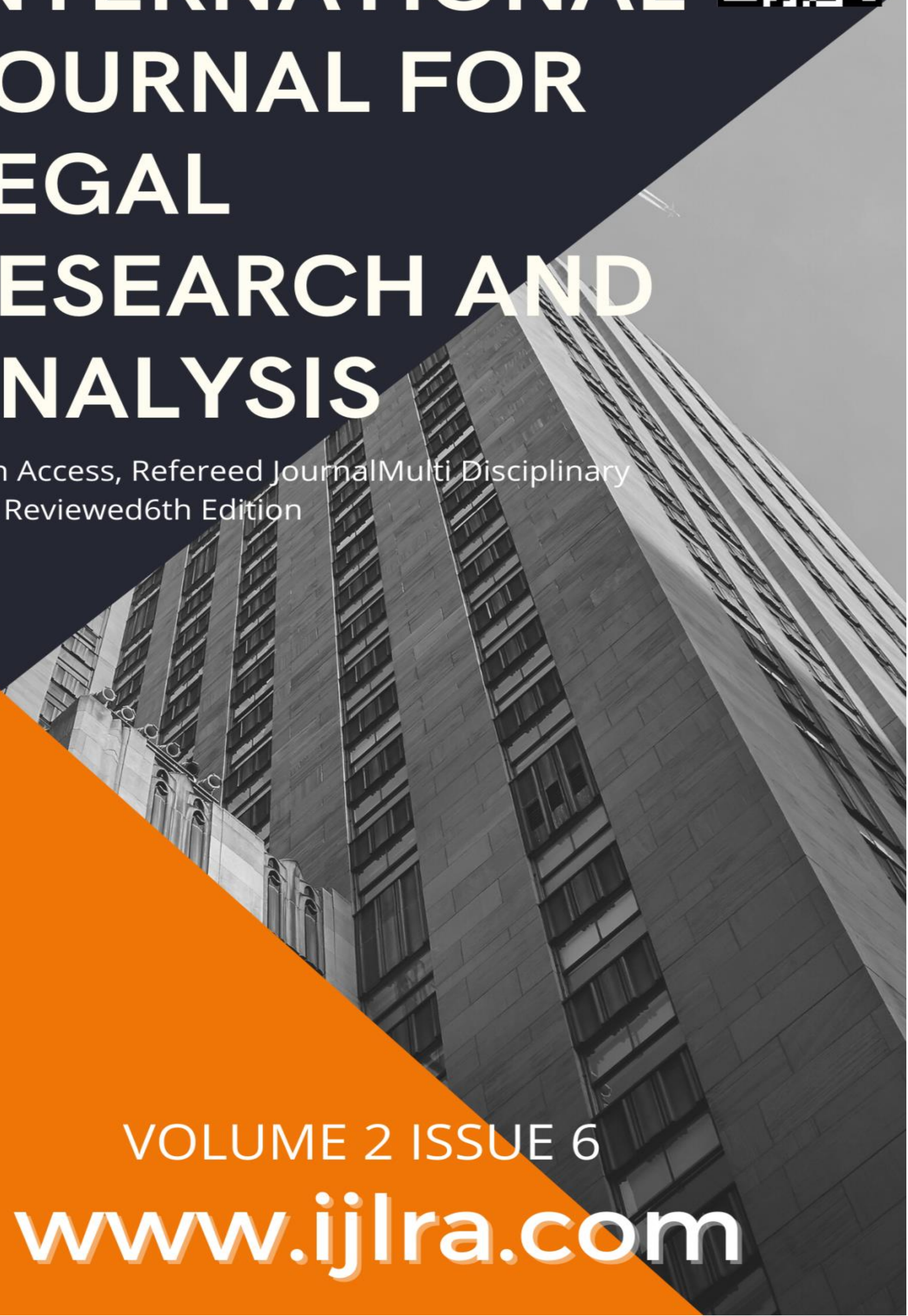

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BRANDING IN TRADEMARK AND GEOGRAPHICAL INDICATIONS

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2LLM 234Law of Trademark and Geographical Indicators

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Abstract

The goal of this study is to reveal fundamental flaws in geographical indications (GIs) as protective brands that add premium value to products, in comparison to the protection afforded to brands through the trademark method. Whereas the former safeguards the product's characteristics, the latter enhances the product's brand equity. The study explores methods for ascribing a strong visual identity to GIs in order to assist them develop as powerful brands, similar to those proposed for trademarks. The paper also examines the correlation of branding with trademarks under the Trademark Act, 1999 and the possibility of the same with respect to Geographical Indications. It also recommends the requirement of promotion and protection of GIs as brands in face of poor awareness, fratricidal competition and threat of ingenuine products by way of making it mandatory to register logo with the grant of GI in the same way as it is mandatory for trademarks.

1. Introduction

The term "brand" originated in the days when shepherds used a branding iron to burn scars on their cattle to distinguish it from the livestock of other shepherds. Following the Industrial Revolution, items were marketed globally, and manufacturers understood the need of identifying and differentiating their products from competitors. This resulted in the creation of brand names and, ultimately, the protection of brands through trademarks. Brands are a critical component of the economic environment, and their significance continues to expand as globalisation progresses. Developing brand awareness may be costly, and businesses are ready to pay large sums of money to do so. In comparison, the fees associated with trademark registration are insignificant. A trademark is a state-granted right that protects an organization's investment in a brand. It confers an exclusive right on the owner to prohibit others from using the brand identically, but also from causing confusion by using a similar mark or just abusing its reputation.

A trademark is used to differentiate the origin of one party's goods from those of another, whereas a service mark is used to distinguish the origin of services rather than things. The capacity to discriminate between products and services originating from various sources is referred to as the origin function. Other trademark functions include the quality function, which refers to the promise of specific positive characteristics and subjective qualities, and the communication function, which delivers the trademark image to and amongst customers via advertising. Scholars and courts generally recognise these principles, as demonstrated by the L'Oreal/Bellure case (CJEU, 18 June 2009, case C-487/07, para. 58). According to the case, "these functions include not only the trademark's primary function, which is to ensure to consumers the origin of the goods or services, but also its secondary functions, most notably those of ensuring the quality of the goods or services in question, as well as those of communication investment or advertising." The functions of a brand are comparable to those of a product, but also include identity, image, personality, character, culture, essence, and reputation. Intellectual Property creation, as well as its subsequent protection, demands significant cost which must be economically justified. In this sense, "brand equity" refers to the economic worth of a well-established and well-protected brand. Experience demonstrates that well-known brands sell far more easily than lesser-known companies. Brand recognition facilitates potential customers' decision-making processes by reducing the complexity of the purchasing choice due to the brand's quality guarantee. Not only can a strong brand improve the efficiency of marketing initiatives, but it also helps the firm to protect profits and perhaps expand the brand into other services or product lines. While brand equity is an intangible asset, it represents a growing proportion of a company's worth that may be monetized.

3. Trademarks: Indian Perspective

The Trade Marks Act 1999 provides for registration and enhanced fortification of trademarks for goods and services and for prevention of the use of duplicitous/deceitful marks. The Section 2(1)(zb) of The Trade Marks Act 1999 says, a trademark is a visual representation used in relation to any goods or services to designate some kind of trade connection between the goods or services and the person using the symbol or mark. The purpose of a trademark is to give a representation, thereby creating a visibility for the product to the buyer/customer or a potential buyer as to the manufacturer or eminence of goods. It is in his faith that the mark is authentic and represents a quality equal to that which he has hitherto found under a akin mark that the buyer does his purchase.[1] Under present business conditions, a trademark achieves three functional utilities:

(1) it recognizes the product and its source;

(2) it assures its unaffected quality; and

(3) it promotes the product, thereby creating a brand visibility for the product.[2]

The “trade” means trade in which the applicant or the manufacturer is engaged, including the modifications or variations in the goods to which he applies his mark or in a manner in which they reach the market.[3] The word “mark”, as specified under Section 2(1)(m) of The Trade Marks Act 1999, contains a list of various kinds of marks. This definition seems equivalent to that of a “brand” in business and marketing.[4] In marketing, “brand name” is variously used to denote an advertising image, corporate identifier or trademark.[5] Hence, it denotes those types of symbols which are labelled on the goods, and they then represent the trademark, the branding being only a practice of putting the mark upon the goods. Further, as per American Marketing Association, a brand is a:

[...] name, term, sign, symbol, or design, or a combination of these, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.[6]

This definition, when aligned to the description found in the Trade Marks Act 1999, makes trademark a brand, which is recognized as a kind of incorporeal property in which the properties invest to raise their product premium.

4. Geographical Indications – Indian Perspective

Though enactment of the GI Act was done primarily to protect the interests of manufacturers and producers, it also guards the interests of other stakeholders. From the point of view of the source (manufacturer or producer), it is important to preserve and protect traditional knowledge, skills and expertise. This enables them to take unchallenged commercial advantage of traditional knowledge and skills that the community or area created, refined and transmitted over generations. It also prohibits unauthorized entities from claiming the benefits.[7]In certain ways, it lends the product a distinct identity through specific product features derived from a place, method, or community, and differentiates it from similarlooking or sounding products that lack

[1]Sebastian’s Law of Trade Marks, 5th ed., quoted in *Nicholson Appln* (1931) 48 RPC 227 (CA), p. 2.
[2]WIPO (1978), *Industrial Property,* WIPO, p. 219.
[3]*Usha Intercontinental v. Usha Television* [1987] PTC 240A at 247,248).
[4]Narayan, P. (2004), *Trade Marks and Passing Off*, Eastern Law House, Kolkata, p. 7
[5]*Hoechst v. Government of India* [1983] PTC, 265.
[6]Lake, L., (2012), “What is branding and how important is it to your marketing strategy”, available at http://marketing.about.com/cs/brandmktg/a/whatisbranding.html (accessed 20 April 2022).
[7]Das, K. (2010), *Prospects and Challenges of Geographical Indications in India,* The Journal of World Intellectual Property, Vol 13. No. 2, p. 149.

those traits and heritage.

Additionally, GIs assist customers in quickly identifying authentic products/offers that exhibit needed characteristics (as a result of their link with a location, process, or community) and differentiating them from counterfeit products/offers. This role brings GIs into closer alignment with the notion of branding. On 15 September 2003, the Government of India enacted the Geographical Indications of Goods (Registration and Protection) Act 1999. The Act is managed by the Controller General of Patents, Designs, and Trade Marks, who also serves as the Registrar of Geographical Indications at the Chennai-based Geographical Indications Registry. The GI Act 1999 defines goods as any goods, whether agricultural, natural, or manufactured, that originate or are manufactured in a country's province, or a region or locality within that province, and where a given quality, reputation, or other characteristic of such goods is actually attributable to their geographical origin, ownership, evolving nature, lower technology-intensive nature, and freedom of use within the community (GI Act 1999). A GI may be named as the owner by any group of persons, producers, organisations, or any institution recognised by or under the legislation. The GI Act 1999 provides protection for GIs for a period of 10 years, which can be extended for an additional ten years post-renewal, as long as the collective traditions are preserved. However, if the registration is not renewed within six months of expiration, GIs are removed from the register.

GIs act as a deterrent to "fakes," as the regional community is the custodian of the GIs, protecting them and reaping the economic benefits of these traditional merchandises; additionally, the GIs provide appropriate rewards to producers who use conventional systems in the region where the recognised products are produced conventionally. It is critical to manage the manufacturing and marketing of GIs in order to maximise their potential. To avoid the dysfunctional features of collaboration and communal creation, a strong emphasis on coordination and structure throughout the process is required.

5. Geographical Indications As Brands

While trademarks protect brands and the GI Act protects GIs, there is much overlap between the two. The first trademark references are in the form of symbols denoting the geographical origin of goods. These symbols were used by traders at the time to differentiate items produced in a certain region/territory and to convey a sense of excellence for the purpose of capitalising on the region's reputation. According to the Trade Marks Act, geographical names are prima facie neither distinctive or capable of distinguishing any products and hence are ineligible for trademark registration. The Geographical Indications of Goods (Registration and Protection) Act 1999 permits the registration of geographical names provided certain requirements are met and the registration enables such names to be protected against infringement and to benefit from additional registration advantages.

Once these GIs are awarded as a matter of right, they must basically reflect the characteristics of a brand, assuring the continued preservation of a high level of quality that is worth the price. By charging a high price, the product seeks GI protection, offers something no other comparable product does, instils a sense of pride and confidence in its customers, and establishes itself as a unique regional brand.

In traditional marketing jargon, a brand is defined as a "name, word, sign, symbol, or design, or a combination of them" that aids in recognising and differentiating a seller's products from those of rivals. Thus, the fundamental tasks of identification and distinction are same for GIs and trademarks.[8]

Branding is critical to marketing because it provides distinct benefits to both the seller (maker) and the customer. The manufacturer benefits from having a legally protected brand name for their product that communicates its quality and characteristics, develops consumer loyalty, and enables them to charge a premium. For customers, brands simplify the selection process, ensure a particular level of quality, mitigate risk, and/or foster trust. Possessing and utilising a brand also boosts social esteem as a result of the prestige attached to it. Observing the growth of laws protecting geographic indicators, it is clear that GIs are intended to fulfil marketing roles similar to those done by brands.[9]However, this comparison raises several issues: Are geographic indications recognised as trademarks? If they are, how did they become one? If not, how are they unable to be considered brands? Above all, what does a brand represent?

While diverse, the economic basis for preserving geographical indications and brands (through the use of trademarks) remains the same. To ensure the protection of geographical indications and brands, it is critical to prevent marketing distortions caused by information asymmetry between producers and customers, and to mitigate the negative impact of information asymmetry on product quality. In the case of GIs, an outsider is completely prohibited from using the same or a similar name or identification mark. On the other hand, a trademark is an indicator that is used in the course of business to distinguish one firm's goods or services from those of competitors. The Trademarks Act and the Geographical Indications Act are intended to prevent customer misunderstanding when a product is used. However, the GI legislation confers a separate identity on the product as a result of its distinctive characteristics originating in a particular geographic location.

Another contrast between brands and geographical indications is who owns the legal right. In the case of a trademark, the right is owned by an entity, whereas the community owns the right in the case of a GI. Community ownership of GIs within a specific geographic region is supposed to imply collective responsibility for product production and marketing. Control over brands is exercised by the company that holds the trademark. In the case of GIs, the control pattern emphasises their communal nature. Once the collective owners of GI agree on a shared code of conduct, agreement on a system for conforming to product requirements should follow. Due to the collaborative nature of the GIs manufacturing process, additional attention should be placed on robust controls to minimise free riding and opportunistic behaviour.

Without a strong and distinct visually identifiable, legally protected, standard element of identity, GIs and their stakeholders suffer. Because all products covered by a GI bear the sponsor's brand, sponsors end up spending significant sums of money developing and communicating their respective brands.[10]This is a

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[8]Keller, Lehman, (2006), *Brands and branding: research findings and future directions,* Marketing Science, Vol. 26 No. 6, p. 745.

[9]Henderson, P.W., *Building strong brands in Asia: selecting visual components of image to maximize brand strength,* International Journal of Research in Marketing, Vo. 20 No. 4, p. 300.

[10]Wood, L., *Brands and Brand Equity: definitions and management,* Management Decision, Vo. 38 No. 9, p. 666.

pointless endeavour, as it is not the specific brand's pull that attracts buyers. Customers are willing to pay a premium for characteristics that are unique to the group of items covered by a GI. Multiple brands under a single GI may compete in the same market. This results in a fratricidal conflict amongst players who are members of the same group and should benefit from synergies. It contradicts the fundamental tenets of GIs and the aim of establishing protective laws. Multiple companies operating under the same GI in a same market, each claiming to be the "best" or "most representative of the category (GI)," generates uncertainty in customers' thoughts, swaying their determination to purchase items under that GI. Challenging cases of bogus GIs is time consuming, since the dispute may centre on the definition of GI or the scope of coverage.[11]If it had been a straightforward, conventional graphic feature registered as GI, it would have been trivial to identify, dispute, and establish the infringement claims.

6. Global Initiatives For Use Of Logos In GI

Logo is the most apparent element that is remembered and identified very easily.[12]As a logo transcends languages, cultures, and age groups, it becomes the most remembered feature of a brand. Children and seniors alike can recall and identify a logo. Unlike other aspects like as jingles and background music, it is applicable to all mediums of communication, whether print or broadcast. No other element possesses such broad appeal (in terms of target audience) and applicability as this one (in terms of communication platforms).

There are several examples worldwide of registered proprietors creating, promoting, and enforcing a distinctive and distinct identity for the GI production.[13]Columbian coffee is a classic example. In 1927, Colombian coffee producers formed the "Columbia Coffee Growers Federation." The federation placed a premium on the development of member producers and their families, ensuring that coffee is cultivated sustainably, supporting widespread interests within coffee-growing communities, and portraying Colombian coffee as the world's best. The association represents around 563,000 coffee producer households. The federation produced a logo in 1959 with a fictitious Columbian coffee farmer named "Juan Valdez." The logo is the recognised global symbol of Columbian coffee. Similarly, in the United States of America, the California Apple Commission (CAC) was founded in 1994 by the California State Legislature as a state marketing order. According to this state statute, all commercial apple producers producing more than 40,000 pounds

[11]Shapiro, C., *Consumer Information, product quality and seller reputation,* The Bell Journal of Economics, Vo. 13 No. 1, p. 22.

[12]Chmielewska, E. (2005), *Logos or the resonance of branding,* Space and Culture, Vol. 8 No. 4, p. 351.

[13]Bramley, C. et al., *The economics of geographical indications: towards a conceptual framework for Geographical Indication research in developing countries,* available at: www.wipo.int/ipdevelopment/en/economics/pdf/wo_1012_e_ch_4.pdf (accessed 21April 2022).

of apples are required to join the CAC. The commission logo is applied to consignments following proper quality testing and certification by the commission.

5. Conclusion

In India, such endeavours have been rare and feeble. The most well-known instance is "Darjeeling Tea." The first time that the "Darjeeling" brand was legally protected through the use of a visual identification feature was in 1983, when the "Darjeeling" logo was developed. The Tea Board got home protection for this emblem as a certification trademark under the Indian Trade and Merchandise Marks Act 1958, which has been replaced by the Trade Marks Act 1999. Subsequently, the logo was trademarked in a number of other countries, including the United Kingdom, the United States of America, Canada, Egypt, Japan, Germany (as covered by the Madrid Agreement), Italy, Austria, Spain, Switzerland, France, Portugal, and the former Yugoslavia. Unfortunately, the majority of registered proprietors of GIs did not choose this path, which may explain why GIs in India are not fully using their entire potential.

It is critical for GIs to have a marketing focus. "Darjeeling Tea" was fortunate in that the plantation was established by the British, and as a result, it already has a respectable image, memory, and demand. However, a significant proportion of GIs do not benefit from this advantage, as customers are unaware of their existence. Premiums imposed by GIs are conditional on the consumer being informed of the items' identification and characteristics. This information asymmetry may result in a situation in which the manufacturer is aware of product qualities but the customer is not, in which case superior-quality offerings are forced to exit the market, as certain consumers lose their ability to choose based on their decision heuristics. Manufacturers who maintain a high standard of quality in their products face unfair competition from manufacturers who provide items of lesser quality at the same price. As a result, makers of GIs must develop ways to improve their products' reputation.

To fully exploit the potential of GIs in India, it is critical that GI output garners the attention and acceptance of a diverse client base. Except for a few well-known and sought-after GIs such as Basmati rice and Darjeeling Tea, the majority of Indian GIs are obscure. Majority of Indian GIs are associated with handicrafts and agricultural production, and are mostly the result of small producers/manufacturers unable to establish GIs in the global economy. This enables organizations/associations of producers and farmers to develop, communicate, and govern worldwide market standards of value. However, the idea is certain to confront a number of obstacles. Established suppliers and manufacturers with strong brands in certain sectors (for example, Basmati rice) may be hesitant to allow a shared identity trump their own. Perhaps the arguments hold true in instances when strong individual brands are lacking. The next problem may be whether to make these suggestions mandatory or voluntary. The end solution may include a compromise between the many restricting factors, but the goal should be to establish a shared identity.