

## Use it or lose it? Ukraine amends its law on geographical indications

Anastasiia Kyrylenko – ESR 10

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## EIPIN Innovation Society

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### European IP Institutes Network

Cooperation among IP Institutions and students in Europe since 1999.

### EIPIN Innovation Society

- Multidisciplinary and **holistic research programme** on role of IP in the innovative lifecycle
- **Co-supervision** of doctoral research leading to **joint doctorate degrees** from two EIPIN partners
- Tailor-made **training programme** prepares a new type of IP researcher who is able to ascertain and articulate the complexities of the IP system.



## Partner organisations

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## IP as a complex adaptive system

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- IP developed from a mere legal title into a **complex adaptive system**
- IP functions as a
  - Business tool for value creation
  - Vehicle for investment
  - Relationship between right holders, users and society
- Ambition: to **enhance Europe's capacity to foster** innovation-based sustainable economic growth globally
- Research objective: to provide **reliable conclusions** on how to deal with the adaptive complexities of innovation cycles that **secure economic benefits** and **uphold justice** in the innovation society.

## Research results

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- 15 **PhD theses**, published as monographs
- International peer-reviewed **articles**
- **Presentations** at international conferences
- Bi-yearly **conferences** on the four areas of research
- **Training** activities on methodology, research and transferrable skills
- Presentations and publications on establishment and management of **joint doctoral degree structures**

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- **Title (descriptive)**

Use it or lose it? Ukraine amends its geographical indications' law

- **Name/citation of relevant case/legislation/material**

Law of Ukraine 'On the amendments to certain legal acts of Ukraine concerning the legal protection of geographical indications', No 123-IX, from September 20, 2019

- **Single sentence summary**

Ukraine has recently introduced changes to its basic legislation on geographical indication (Law of Ukraine 'On protection of geographical indications', No 752-XIV, from June 16, 1999). These amendments, modelled upon the EU Regulation No 1151/2012 on quality schemes for agricultural products and foodstuffs, will enter into force on January 1, 2020 and shall allegedly bring Ukrainian legislation in compliance with the EU/Ukraine free trade agreement; the pitfalls that the new legislation is also bringing will be addressed in the piece.

- **Legal context**

The EU/Ukraine Association Agreement fully entered into force on September 1, 2017 and includes an exhaustive regulation of IPR-related issues, both in the part regulating the creation of a free trade area (Title IV on Trade and Trade-Related Matters) and in parts dedicated to political association and economic integration (remaining Titles).

Intellectual property matters, inter alia, cover the protection and enforcement of geographical indications. Their regulation is two-fold. First, a dedicated Sub-section (Arts. 201 to 211 of Title IV and the Annexes cited therein) regulates the mutual recognition by the Parties of a long list of geographical indications, as well as the scope of protection applicable *to this list* of mutually recognized GIs. Second, Art. 405 of Title V ('Economic and sector cooperation') calls for the gradual approximation of Ukrainian legislation to the EU law in the field of agriculture and rural development. In what GIs are concerned, such gradual approximation shall cover Regulation (EC) No 510/2006, Regulation (EC) No 110/2008, Regulation (EC) No 509/2006, Regulation (EC) No 479/2008, and their implementing Regulations (Annex XXXVIII to Chapter 17 of Title V).

The Association Agreement also addresses the use by Ukrainian producers of such renowned geographical indications as 'champagne', 'cognac' or 'roquefort', a long-standing issue between the Parties. Following a widespread policy of the European Union, the Association Agreement with Ukraine 'un-genericizes' such GIs. At the same time, Art. 208 of Title IV allows for a transitional period, whereby Ukrainian producers can still commercialize their products under certain geographical indications, commonly used in Ukraine, for 7 to 10 years since the entry into force of the Agreement. Interestingly, similar concessions were not granted to Moldova or Georgia, which negotiated their Association Agreements with the European Union in parallel to Ukraine.

It is in the fulfillment of these bilateral obligations that Ukraine undertook the reform of its legislation on geographical indications.

- **Analysis**

Unlike the European Union, Ukraine regulates geographical indications for all categories of eligible products through a single legal act, Law No 752-XIV. According to this Law, in its current and amended versions, *no restrictions* exist concerning the nature of the goods, eligible for protection: the text remains silent as to the definition of protectible goods (Art. 1 and ff.).

Despite a broader definition of eligible products, Ukrainian registry of geographical indications was comparatively short and included roughly 15 indications of Ukrainian provenance, mainly for wines and mineral waters. After the mutual recognition of eligible GIs, as foreseen by the EU/Ukraine Agreement, this list was supplemented by more than 3100 geographical indications, originating from the European Union. On the Ukrainian side, only 2 geographical indications were filed for mutual protection, which can be attributed to the fact that most of the Ukrainian GIs are for mineral waters, a product not covered by quality schemes in the European Union. Recently, efforts have been made, including through EU-financed technical assistance, to register other geographical indications, such as “Hutsul Sheep Bryndzyna” for cheese or “Kherson Watermelon”.

Although the European Union law regulates geographical indications through four separate legal acts, Ukraine chose the Regulation No 1151/2012 on quality schemes for agricultural products and foodstuffs as the approximation benchmark for all categories of goods (cf. explanatory memorandum to the Law No 123-IX). This was done voluntary, as the Association Agreement only refers to the now-repealed Regulation No 510/2006, with less expansive provisions.

Ukrainian definitions of a ‘qualified geographical indication’ were already modelled upon the EU’s ‘protected designation of origin’ and ‘protected geographical indication’, albeit through a more complex wording (Arts. 1 and 7 of the Law 752-XIV prior to the amendments). Under the reformed law, the definitions are word-for-word reproducing those found under Art. 5 of the Regulation.

Prior to the reform, the scope of protection for *any* category of goods was equivalent to Art. 23 TRIPS (Art. 23 of the Law 752-XIV prior to the amendments). That is, Ukraine was already providing a near-absolute protection for all categories of goods, and not just for wines and spirits, as it would be mandated by TRIPS. The Law 123-IX will raise the protection bar even higher. Copy-pasted from Art. 13 of Regulation No 1151/2012, Art. 17.4 of the new Law includes such new protection standards as ‘misuse’, ‘imitation’, ‘evocation’ and even bans situations, where using the name amounts to exploitation of the reputation of the protected name, including when those products are used as an ingredient. This last standard of protection is not mandated neither by the 510/2006 Regulation, nor by Art. 204 of the Association Agreement, which regulates the scope of protection for mutually recognized indications. What is more, the Court of Justice of the European has recently allowed the use of ‘Champagne’ on a foodstuff that contained champagne among its ingredients (‘Champagner Sorbet’, C-393/16). In turn, Ukraine has introduced the highest standard of protection found in Art. 13 of 1151/2012 Regulation for all categories of goods, and not just for foodstuffs and agricultural products.

Art. 21 of the amended Law introduced a new ground of cancellation: where a geographical indication has not been used for at least seven years, judicial authorities may cancel it upon an action from any interested party. An indication may also be cancelled by judicial authorities, where compliance with the conditions of the specification is no longer met. Similar provisions are also found in Art. 54 of 1151/2012 Regulation on foodstuff and agricultural products and in Art. 32 of 2019/787 Regulation

on spirits. In turn, EU *does not allow* cancellation for non-use of geographical indications for wines, aromatized wines.

- **Practical significance**

With the adoption of the Law 123-IX, Ukraine has introduced a level of protection beyond the one mandated by the EU/Ukraine Association Agreement, and even beyond the one currently found in the European Union itself.

Notably, it has implemented an absolute protection for any category of good, including the protection against an ephemeral standard of ‘evocation’ or against product’s use as an ingredient. This might, for instance, affect the local sweets manufacturers, traditionally producing chocolates with liquors.

In an apparent effort to counterbalance such extensive protection, Ukraine has also introduced a cancellation procedure for geographical indications, which have not been used for at least seven years. One might think that the three thousand and something European GIs are an easy target for cancellation over non-use in the Ukrainian market. Nevertheless, the Association Agreement is their bulletproof vest. Under Art. 9 of the Ukrainian Constitution, read together with Art. 4 of the Law on geographical indications and the recent jurisprudence of the Ukrainian Supreme Court, provisions of the Association Agreement shall prevail over national Ukrainian Law. This, in turn, allows for an eternal protection of European GIs, even if they never make it to the Ukrainian market. Moreover, Art. 4 TRIPS requires the same treatment to be given to any other foreign geographical indication, registered in Ukraine.

In a market mostly dominated by foreign-owned GIs, Ukraine is currently taking active steps to exploit its own potential. Nevertheless, it seems that, while the benefits of the new regime will be shared by all right holders, its disadvantages will only fall upon Ukrainian producers.

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## Enforcement of intellectual property rights and trade



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Project: ESR10

### Research Question

What are the European Union's external trade and/or neighborhood objectives and guiding principles in the field of IPR Enforcement? To what extent such objectives and corresponding actions were modified with the European Commission's IPR Enforcement in Third Countries Strategies from 2004 and 2014?

Are these changes reflected in the IPR Enforcement chapters of free trade agreements, negotiated by the European Union (case study: Georgia, Moldova and Ukraine)? To what extent did the IPR Enforcement system exported by the EU through free trade agreements signed with these countries correspond to their internal legal systems? Shall discrepancies be detected, in which way can the EU External actions be reshaped to take into account such discrepancies?

### Methodology

Doctrinal research through literature review; comparative and diachronic legal analysis, qualitative research through semi-structured interviews with stakeholders from third countries.

### Societal impact

This research aims at corroborating, based on three case studies, the critics voiced towards the European Union's approach to introduce strong IPR Enforcement standards in third countries, without allegedly adopting a tailor-made approach or considering broader societal interests. Using the free trade agreements, negotiated correspondingly with Georgia, Moldova and Ukraine, the researcher will undertake an analysis of the countries' legal systems after the entry into force of these agreements.

Unlike the existing researches based exclusively on the content of the agreements themselves, such analysis will also take into consideration the internal legal order of the countries in question, which would allow to draw conclusions on the resulting system of checks and balances and its fitness for beneficiary countries. The results of research might be used for countries, which enter into trade negotiations with the European Union, as well as for a further generation of the European Union's IPR Enforcement Strategy.



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