

## LEGAL STATUS OF GEOGRAPHICAL INDICATION IN INDIA

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### ABSTRACT:

Geographical Indications (GI) have emerged as a significant form of Intellectual Property Rights (IPR) issue in the Indian context. Every geographical region has its name and fame. In view of their commercial potential, adequate legal protection of GIs becomes necessary to prevent their misappropriation. Mostly the qualities and characteristics of certain goods attributable to some geographical locations and reputable to “as produce of certain region” come under Geographical Indications (GI). The protection of Geographical Indications has over the years, emerged as one of the most contentious intellectual property rights issues in the global level assumes enormous significance for a country like India. This review provides an overview of the past and current scenario of Geographical Indications in India with its challenges. It also provides a list of important Geographical Indications in India registered till today.

### INTRODUCTION:

In the recent years, Geographical indications have emerged as a significant form of intellectual property right issue in the Indian context. GI helps a community of producers to differentiate their products from competing products in the market and build goodwill around their products, often fetching a premium price. From consumer's point of view, GIs act as a signaling device, which helps them identify genuine quality-products and also protect them against counterfeits. In view of their commercial potential, adequate legal protection of GIs becomes necessary to prevent their misappropriation. Although India has had in its possession a considerable number of products that could qualify for legal protection as geographical designators, the initiatives to exploit this potential begun only recently when the country established a sui generis system of GI protection with the enactment of 'the Geographical Indications of Goods (Registration and Protection) Act, 1999, coupled with the 'Geographical Indications of Goods (Registration and Protection) Rules, 2002. The Act, which became operational with effect from 15 September 2003, was drafted as part of the exercise in the country to set in place national IPR laws as much in compliance with India's obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights

(TRIPs) of the World Trade Organization (WTO) so as to take advantage of the ‘minimum’ standards of GI protection that the TRIPs sets out for the WTO members to comply with in their respective national legislations.

### **GI PROTECTION IN INDIA: AN OVERVIEW**

In India, the legal system for GI protection has very recently been developed. The Geographical Indications of Goods (Registration and Protection) Act was enacted in 1999 and has come into force in September 2003 (hereafter called GI Act). Before this act, there was no separate legislation for GIs specifically. However, there were three alternative ways in which the then existing legal systems of the country could be utilized for preventing the misuse of GIs.

- Under the consumer protection laws;
- through passing off action in courts; and
- Through certification trademarks.<sup>1</sup>

CTM system that the person claiming proprietorship over the mark does not him or herself use the same in conjunction with his or her goods or services. It is therefore usual to find that a central agency or association usually administer the mark in question and acts as the certifying authority, which in turn authorizes the use of the mark by producers/manufacturers in relation to their own goods. ‘Certification trade marks’ can be registered under the Trade Marks Act of India. It may be noted that India has recently established a “silk mark” to certify genuineness of silk textiles in India and Darjeeling, a certification marks for a specific type of Tea produced in Darjeeling and can be marketed, provided the product satisfies the set quality standards. Similarly, WOOL MARK certifies that the goods on which it is used are made of 100% wool and LABEL ROUGE use for high quality agricultural products in France.<sup>2</sup>

In India, GIs have been governed by common law principles, which enable an aggrieved person to file an action of ‘passing off’ for protection of his right. In other words, it is based on usage and common knowledge about the characteristic features and quality or reputation that the product has already earned in the market either by publicity or by its presence in the

<sup>1</sup> Kasturi Das, Socio-Economic Implications of Protecting Geographical Indications in India, August 2009, Centre for WTO Studies, p.6.

<sup>2</sup> Dr.Prabhuddha Ganguli, WTC Research study Report Geographical Indications its evolving controls, Jan. 2009, p.4.

market. A survey of decided cases reveals that Indian courts have maintained the action of passing off to protect GIs. <sup>3</sup>Scotch Whisky Association v. Pravara Sahakar Karkhana Ltd.,<sup>4</sup> is a leading case on this subject. In this case, the plaintiff Scotch Whisky Association, a company incorporated under the Companies Act of United Kingdom instituted the passing off action against the defendants- a manufacturer of various brands of Indian Whisky like 'blended scotch whisky' or Blended with Scotch' under various brand names, 'Drum Beater' and 'God Tycoon'. On these facts, the Bombay High Court held: The Plaintiff had sufficient interest to prevent passing off of Indian Whisky manufactured by the defendant and to prevent damage to reputation and goodwill of Scotch whisky. The defendants were passing off their goods as blended Scotch whisky which in fact they were not. The case therefore merited interim injunction. The defendants resorted to unfair means by using the words 'Blended with Scotch' and indulged in colourable imitation and unfair trading in an attempt to harvest unjust benefits by appropriation of plaintiff's goodwill. The defendant was restrained from advertising or offering for sale or distributing in any country Whisky, which is not Scotch whisky. It is evident from the aforesaid decision that the judiciary in India has consistently extended the umbrella of legal protection to GIs even in the absence of any legislation in force at that point of time.

### **SOCIO ECONOMIC PERSPECTIVE OF THE GI ACT:**

Geographical Indications are intellectual property rights. Their function is to identify products on the market, similar to trademarks and trade names. Well protected and pro-actively used, GIs are a very interesting marketing tool because they can convey a lot of information from the producer to the consumer. GI give the producers of a region the exclusive right to use the indication for their products originating from that region. It also means that they have the right to prohibit any unauthorized use usurpation or imitation of the sign on a product that is not from the designated area or which does not have the qualities guaranteed by the GI. Rooted in the soil of the region for which they stand, geographical indications contribute to the socio-economic improvement of regions around the world. They create employment, contribute to the regulation of the market and encourage the diversification of production. In addition, they protect natural treasures and maintain the

<sup>3</sup> Tushar Kanti Saha and Nalin Bharti, "Beyond Wines and Spirits: Developing Countries 'GI Products and their Potential in WTO Regime with Special Reference to India", Journal of Intellectual Property Rights, Vol.11, March 2006, p.892.

<sup>4</sup> AIR 1992 Bom 294.

cultural heritage.<sup>5</sup> Much like trademarks, the economic rationale of GIs is based on the ‘information asymmetry’ between buyers and sellers in the market and role of reputation, conveyed through distinctive signs, in talking such asymmetry. Thus GI acts as a signaling device that helps the producers to differentiate their products from competing products in the market and enable them to build a reputation and goodwill around their products which often fetch a premium price. Finally, geographical indications contribute to sustainable development. This makes them valuable to producers in both they wish to offer their diverse products, identified by the GIs, on the globalised market.

### **JUDICIAL PERSPECTIVES:**

The issue of protection of GI gained particular interest and attention in India only when a patent was obtained for Basmati Rice in the United States by the Rice Tec Inc. and the widespread report of tea from other countries being passed off as Darjeeling Tea. India realized that if it needed to protect its own geographical indications globally, it needed to protect them at the national level to begin with.

### **BASMATI RICE CASE:**

Basmati<sup>6</sup> is a unique, long grain aromatic rice cultivated traditionally only in the Indo-Gangetic plains of India and Pakistan. India has been exporting “Basmati” rice to several countries of the world including the US, Europe and Middle East countries for several decades and a over a period of time, it has achieved a unique position in the world market. The patenting of the world famous Basmati rice, the crown jewel of the Asian sub-continent India and Pakistan by the US Company Rice Tec Inc. woke India and many other developing countries and made them aware of the unfair world market trend. The Basmati which has extra long grain, soft textured, aromatic rice has been cultivated since time immemorial in the foothills of the Himalayas. The rare agro climatic conditions this region endow Basmati rice with certain characteristics, physical and sensory, not found elsewhere nor amenable to replication. This makes Basmati a premium product in the international market and the uniqueness needs to be preserved and protected.

<sup>5</sup> Felix Addor and Alexandra Grazioli, 2006, Federal Institute of Intellectual Property available at <http://www.ige.ch/e/jurinfo/j110110.shtm>.

<sup>6</sup> Etymologically, the origin of the word “Basumati” can be traced to the Sanskrit word Vasumati which means earth. Just as smell and fragrance are closely associated with earth, basmati rice is recognised by its unique aroma.

Basmati commands a premium price both in domestic and international markets. Approximately one million hectares in India and 0.75 million hectares in Pakistan are planted in Basmati varieties, where it is cultivated by hundreds and thousands of small farmers. In India alone basmati exports were valued at approximately US\$ 475 million in 1998-99. The serenity of the surroundings was suddenly broken by bold new headlines which read “US Rice Company says India and Pakistan don’t own word “Basmati”. Ever since the company, Rice Tec, based in Texas, United States, patented Basmati rice, there has been a hue and cry in India and Pakistan. The fear of cultural piracy from the western multinationals is felt by the Indian farmers.<sup>7</sup>

In February 1996, the APEDA<sup>8</sup> has found that Rice Tec had registered for a trademark for exporting what they called. ‘Texasmati’ in the UK and had lodged a case against Rice Tec in an UK economic court. Thus this was the authority strategy i.e., to file such cases in all the countries that Rice Tec approaches for trademarks.

The first legal issue, which arose in the protection of Basmati as a geographical indication is as to whether it is a generic name? Rice Tec in its claim states that it is a generic name and therefore cannot be protected as a geographical indication.<sup>9</sup> Various reports have referred to the US Company’s use of such names as “Basmati”, “Kasmati”, “Jexamati and “Jasmati”. In fact, the company has used the brand names Kasmati, Texmati, and Jasmati in the US and UK since before the patent was issued. It has been using the term “Basmati” as a generic term for considerably longer, “Rice Tec has produced and marketed Texas Basmati and American Basmati rice and labelling it as such for 20 years and exporting the products for 15 years with no objection ever previously raised”, the company stamen says. Since the word “Basmati” is not a place name, its validity as a geographical indication would depend on whether “Basmati” can be shown to be closely and exclusively associated with a geographical area, although the world trade agreement calls it as geographic appellation.

<sup>7</sup> Fafi Geno Type “The Basmati Rice Patent”, 1998, <http://www.rafi.organd>, Berne Declaration press packages (in German) “Das Basmati Patent” September, 1999, <http://www.evb.cal>

<sup>8</sup> Agriculture Products Exports Development Authority.

<sup>9</sup> This controversy was a result of the research prepared by an Indian scientist from the Indian Agricultural Research Institute being used by Rice Tec to state that Basmati is a generic term and therefore cannot be protected as a geographical indications. see Radhika Singa – The Economic Times, New Delhi, August 11 1998

**DARJELLING TEA CASE:**

‘Darjeeling Tea’ could be considered as the most important geographical indication along with ‘Basmati’ for India. Darjeeling tea is the tea produced in the hilly areas of Darjeeling district of West Bengal. Today, India is the World’s largest grower of tea with a total production of 826.17 million kilograms in the year 2002. The district of Darjeeling is situated in the State of West Bengal, India. Tea has been cultivated, grown and produced in tea gardens geographically located in this area for the last 150 years. The unique and complex combination of agro-climatic conditions prevailing in the region and the production regulations imposed, lends the tea a distinctive and naturally-occurring quality and flavour which has won the patronage and recognition of discerning consumers all over the world for well over a century. The tea produced in the region and having special characteristics is and has for long been known to the trade and the public all over the world as “Darjeeling” tea.<sup>10</sup> According to records, the commercial tea gardens were planted by British tea interests in 1852. Darjeeling was then only a sparsely populated hamlet which was being used as a hill resort by the army and affluent people. However, by 1866, Darjeeling had 39 gardens producing a total crop of 21,000 kilograms of tea harvested from 4,400 hectares. By 1874, tea cultivation in Darjeeling was found to be a profitable venture and there were 113 gardens with approximately 6000 hectares. Today, nearly 17, 400 hectares in 85 tea gardens produce around 11.5 million kilograms of tea. The Easter and spring flushes have the unique Darjeeling flavor and command a high price. Most of the tea coming on to the world market, as ‘counterfeit’ Darjeeling seems to be coming from Kenya and Sri Lanka. The other source is said to be Nepal. Nepalese tea is produced in similar geographic conditioned to that of Darjeeling tea. About 60 percent of Nepalese tea is exported to India and most of the Nepalese tea estates gardens are owned by Indians. There are allegations that Nepalese tea is imported in to India is repackaged as Darjeeling tea and exported Nepal is small produces and exporter of tea in the world market.

What will happen if 40000 tons of ‘counterfeit’ Darjeeling disappears from the world market because of protection of the geographical indication for ‘Darjeeling Tea’? We could expect the price of Darjeeling tea to go up depending on the price elasticity of demand of Darjeeling tea, which will benefit the producers of Darjeeling tea. 1. ‘Counterfeit’ Darjeeling produced in India and consumed in India. 2. ‘Counterfeit’ Darjeeling produced in other countries

<sup>10</sup> Rajendra Kumar and Vasundhara Naik, Darjeeling Tea- Challenges in the Protection and Enforcement of Intellectual Property Rights, <http://www.wipolint/index.html.in>

consumed in India. 3. 'Counterfeit' Darjeeling produced in India and consumed outside India. 4. 'Counterfeit' Darjeeling produced in India and consumed outside India.<sup>21</sup> Since Darjeeling has a high reputation, both the Tea Board and the Darjeeling planters Association have been involved at various levels in protecting this common heritage. The protection is essentially geared to: (i) Prevent misuse of the word "Darjeeling" for other types of tea sold worldwide. (ii) Deliver the authentic product to the consumer. (iii) Enable the commercial benefit of the equity of the brand to reach the Indian industry and hence the plantation worker. (iv) Achieve international status similar to champagne or Scotch Whisky both in terms of brand equity and governance/administration.

### **ANALYSIS OF THE GI ACT:**

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Prior to enactment of GI Act,<sup>11</sup> there was no law for the protection of geographical indication in India. The need and justification for this law has been aptly stated in the statement of object and reasons as under: "At present there is no specific law governing geographical indications of goods in the country which could adequately protect the interests of producers of such goods. Exclusion of unauthorized persons from misusing geographical indications would serve to protect consumers from deception, add to the economic prosperity of the producers of such goods and also promote goods bearing Indian geographical indications in the exports market. Unless a geographical indication is protected in the country of its origin there is no obligation under the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) for other countries to extend geographical protection. India would, on the other hand, be required to protection to goods imported from other countries which provide for such protection. In view of the above circumstances, it is considered necessary to have a comprehensive legislation for registration and for providing adequate protection for geographical indications". Until recently and in past, protection from such misuse of geographical indications was granted through passing off action in courts<sup>12</sup> or through certification marks. However, in order to provide better protection to geographical indications, the Parliament enacted Geographical Indications of Goods (Registration and Protection) Act, 1999 which is quite similar and in lines with the New Zealand GI Act. This received the assent of the President of India on the 30th December 1999. This Act seeks to provide for registration and better protection of geographical indications relating to goods. It excludes unauthorized persons from misusing geographical indications. This would protect

<sup>11</sup> Geographical Indications of Goods (Registration and Protection ) Act, 1999

<sup>12</sup> Remedy under tort.

the interest of producers, manufacturers and thereby consumer from being deceived by the falsity of geographical origin to economic prosperity of the producer of such goods and promote goods bearing geographical indications in export market. Unless a geographical indication is protected in the country of its origin, there is no obligation under the agreement under Article 22 of the TRIPs agreement for other countries to extend reciprocal protection. It is in this context that the Act was enacted.<sup>13</sup> The Act has been divided into nine chapters. Chapter-I is preliminary which inter alia, defines various terms used in the Act. Chapter II deals with the appointment, powers and establishment of Registry. It also provides for registration in respect to particular goods and areas and prohibition of registration. Chapter III deals with procedure and duration of registration. Chapter IV describes the effect of registration. Chapter V contains special provisions relating to trademark and prior user. Chapter VI provides for rectification and correction of the Register. Chapter VI relates to appeals and Appellate Board. Chapter VII prescribes penalties and procedure. The last i.e., Chapter IX is miscellaneous.

### **ISSUES AND CONCERNS:**

There are a number of issues and concerns in the context of harnessing the potential commercial benefits out of GI registration in India. Perhaps the biggest concern is near complete absence of an effective post GI mechanism in the country. While domestic registration of a GI is a relatively easy task and there has been some progress on this account over the last 9 years, it is important to understand that only registration of goods per se does not fulfill the objectives of the Act, unless it is backed by sound enforcement mechanism both, in domestic and export markets. In fact, the enforcement of the Act in other countries is a much more complicated venture as this may pose a variety of constraints including technicalities involved in the registration process in various foreign countries, exorbitant expenses involved in appointing a watch-dog agency to get information on misappropriation; and huge financial resources needed for fighting legal battles in foreign lands.<sup>14</sup> The Government's role is vital in the post GI mechanism because without government support, most producer groups do not have the wherewithal to effectively defend and promote their GI brand in India, perhaps only in the case of one good i.e. Darjeeling Tea, the Tea Board has had some success in defending against misappropriation in a few countries because they have

<sup>13</sup> Statement of object and Reasons of the Bill.

<sup>14</sup> Kasturi Das (2006), Protection of Geographical Indications: An Overview of Select Issues with Special Reference to India, Working Paper: 8; Centad, Delhi.

the financial capacity to do so. Though the Act defines the cases when a registered GI is said to be infringed, it is silent on the mechanism and provisions to fight against the infringement and this is an area where the government needs to play larger role. In the opinion of Rajnikant Dwivedi, Director of Human Welfare Association, an association based in Varanasi working with handloom weavers, benefits of GI protection under the GI Act will actually depend on how effective is the post GI mechanism. “Banarasee Saree Weavers Continue to be a distressed lot idle looms have not begun functioning and unscrupulous practices of selling imitation products in the name of Banarasee Saree have not been curbed. Mr. Anil Singh, Director Need, a Lucknow based organization and also an applicant in GI registration for Lucknow Chikan craft says that GI may leave the artisans community completely high and dry as the awareness level on GI, the most basic recipe for success of any policy, is alarmingly dismal. The post GI mechanism must have adequate provision for promotion and continuous awareness building. Chikan Craft, being an eco-friendly, gender sensitive craft, has huge potential to increase the bargaining power of the producers; however, this potential has not been tapped. Attempts have been made by the State Government to tap this potential by merging GI promotion with the department of tourism, promoting producer companies and other promotional measures.

### **CONCLUSION:**

Thus the following research paper deals with several aspects related to the geographical indications in India. Every geographical region has its name and fame. In view of their commercial potential, adequate legal protection of GIs becomes necessary to prevent their misappropriation. Mostly the qualities and characteristics of certain goods attributable to some geographical locations and reputable to “as produce of certain region” come under Geographical Indications (GI). The protection of Geographical Indications has over the years, emerged as one of the most contentious intellectual property rights issues in the global level assumes enormous significance for a country like India.

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