



The Evolving Protection of Geographical Indications Against Services: “Brand” New World?

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Abstract The EU regime for protecting geographical indications (GIs) is the most advanced – and at the same time the most debated – model of this *sui generis* intellectual property right in the world. The current reform is introducing innovations in many aspects of this regime, including that of digital markets. However, one very important aspect stemming from the evolution of EU case-law is missing – the extension of GI protection against services. EU case-law leaves open significant questions about this multi-faceted issue: not only how to construe the “front” side of directly excluding the (even evocative) use of a geographical name for services, but also, and mostly, how to deal with the “reverse” side of actively exploiting the same name on the market, following an authorization model resembling that for trademarks, as indeed the reform seems to admit elsewhere for the first time. There is also the “other” side of market services, where GIs act as intellectual property rights that affect the free movement of goods: here, ever more frequent references to “prestige” as a justification for protecting GIs further complicate the picture. This has potential implications for freedom of competition in the resale of typical products under the principle of exhaustion in terms of foreseeable legitimate reasons for opposition, again following the trademark model. This article aims to set out a more balanced approach tackling such new challenges, in order to make the EU regime fit for the future but still consistent with the founding principles of GIs as special intellectual property rights.

Keywords Geographical indications · Services · Evocation · Exhaustion

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1 The “Missing” Reform: Tackling the Protection of EU Geographical Indications in the Field of Services

It is known that the EU regime for protecting geographical indications (GIs) is the most advanced – and at the same time the most debated – model of this *sui generis* intellectual property right in the world.¹ Beyond its regional scope, this regime has substantial relevance also for non-EU countries: in a direct sense for foreign businesses that intend to operate in the EU single market, and in an indirect sense because EU law embodies the main reference paradigm for GI protection. This can be immediately noted from bilateral trade agreements, where the EU pushes strongly for the enhanced protection of GIs also by its international partners.²

The reform of EU law is introducing significant innovations into many aspects of this intellectual property regime, including that of digital markets.³ In particular, the reform is strengthening existing schemes for agri-food/wine/spirit products⁴ on the one hand, and creating a new parallel scheme for craft/industrial products on the other.⁵ Thus, things are moving forward with the idea of extending GI protection, in line with the international agenda of the EU.⁶

However, one very important point stemming from the evolution of case-law is missing in the reform, namely the extension of GI protection against services.

¹ For the historical debate on the *sui generis* regime for GIs, see Calboli (2017), p. 3; Gangjee (2012), p. 265; Kur and Cocks (2007), p. 999; for an “instant classic” critical manifesto against EU GIs from the US perspective, see Hughes (2006), p. 299.

² In general, see Sunner (2021), p. 341; for past discussions in this field between the EU and the US within the framework of Transatlantic Trade and Investment Partnership (TTIP) negotiations, see Calboli (2015), p. 373; on the current tension around the international deadlock involving non-EU countries (e.g. China) that, on the one hand, with the EU, are promising to introduce an equivalent system of GI protection, while, on the other, with the US, are giving favorable treatment to the import of “generic” products, see Chen (2023), p. 210.

³ For a general contextualization see Zappalaglio (2023), p. 1; for a critical comment, see Kur et al. (2023), p. 307; on the specific profile of digital markets for GIs, see Montero (2021), p. 427.

⁴ See Commission, “Proposal for a Regulation of the European Parliament and of the Council on European Union geographical indications for wine, spirit drinks and agricultural products, and quality schemes for agricultural products”, COM(2022) 134 final/2 (hereinafter “Proposal EU Reg GI-AGRI”), and the following political agreement on the draft text between the European Parliament and the Council confirmed on 27 November 2023, Interinstitutional file 2022/0089(COD) doc. 15998/23 (hereinafter “Draft EU Reg GI-AGRI”).

⁵ See Regulation (EU) 2023/2411; for the necessary comparison, cf. Commission, “Proposal for a Regulation of the European Parliament and of the Council on geographical indication protection for craft and industrial products”, COM(2022) 174 final (hereinafter “Proposal EU Reg GI-CRAFT”).

⁶ With specific reference to craft and industrial products, it must be said that the EU is actually rather bridging the gap with other leading partners (e.g. India and other Asian countries) and international regimes (e.g. Lisbon system and the TRIPS Agreement) that have already provided GI protection for such products: in this sense see Marie-Vivien (2017), p. 221.

2 The “Front” Side of a Multi-Faceted Issue: Exclusive Protection Against the Use of Geographical Indications for Services

There is no doubt that the recent *Champanillo* case represents a seminal decision for the protection of GIs under EU law: in brief, the Court of Justice of the European Union (CJEU), when asked for a preliminary interpretation regarding the reference to a GI (PDO *Champagne*, the well-known French sparkling wine) in a trade name for a tapas bar (*Champanillo*, a wordplay using the Spanish diminutive form), stated not only that services were also covered by GI protection but, more precisely, that such unlawful use qualified as “evocation” wherever, in the mind of the average consumer, “the use of a name creates a sufficiently clear and direct link [that] may arise from several factors, in particular the partial incorporation of the protected designation, the phonetic and visual resemblance of the two names and the resulting similarity, and, even in the absence of those factors, the conceptual proximity between the [GI] and the name at issue or the similarity between the products covered by that [GI] and the products or services covered by that name”.⁷

From the immediate point of view of application, framing the extension of GI protection against services within the concept of evocation under EU law makes it possible to resort to the entire relevant armory. Therefore, all possible forms of unlawful “calling to mind” should be considered prohibited in this field too: not only direct nominal forms of GIs – including partial forms, ones with suffixes and prefixes, as well as translations – but also conceptual, and even purely figurative ones.⁸

Applying this special protection will have an impact on the services market as we know it today: in strictly legal terms, it will no longer be possible, following this CJEU ruling, to “freely” open a *bar à champagne*⁹ or a *tequileria*,¹⁰ or a *piadineria romagnola*¹¹ or arguably even a *pizzeria napoletana*,¹² if defined as such, or even

⁷ CJEU, C-783/19, *Comité Interprofessionnel du Vin de Champagne v. GB*, ECLI:EU:C:2021:713.

⁸ CJEU, C-614/17, *Fundación Consejo Regulador de la Denominación de Origen Protegida Queso Manchego v. Industrial Quesera Cuquerella SL and Juan Ramón Cuquerella Montagud*, ECLI:EU:C:2019:344.

⁹ From this point of view, the CJEU can be said to have endorsed the initiatives that the *Comité* had already undertaken – successfully – to protect the *Champagne* PDO in the field of services: see EUIPO, decision R1413/2013-5, 10 July 2014, *Champagnothèque*; for immediate confirmation, see Civil Provincial Court of Madrid, 9 February 2022, No. 62/2022, condemning the use of “*La Champanera*” for wedding services (<https://www.origin-gi.com/wp-content/uploads/2022/04/2022-02-ESPAGNE-Court-of-Appeal-of-Madrid-La-Champanera-services.pdf>).

¹⁰ Indeed, it should be recalled that even GIs from non-EU countries can receive protection under the EU regime, as is the case for the Mexican GIs “Tequila” and “Mezcal”: EUIPO, decision W01384844, 3 May 2018, *Mezcalosfera de Mezcaloteca*.

¹¹ The “*Piadina Romagnola*” PGI has been at the center of a dispute concerning its industrial method of production, which the product specification allows alongside artisanal production; this could now also reverberate through the related sales services beyond the traditional kiosks: see GCEU, T-43/15, *CRM Srl v. European Commission*, ECLI:EU:T:2018:208.

¹² The “*Pizza Napoletana*” is in fact protected as a TSG, so that the question must be raised of its protection from evocation, as now undoubtedly allowed by Art. 24(1) of Regulation (EU) 1151/2012 (after the amendment made by Regulation (EU) 2021/2117). While it is true that this provision does not mention services, it is equally true that pizzerias represent the economic activities most directly linked to

only if the name or presentation alludes to the imagery of the protected geographical product. For many GIs, it is easy to envisage – if not even to recall from personal experience – examples of commercial establishments that are deliberately evocative of a protected typical product. This may apply to more than the name in itself, as the figurative dimension of evocation could in the abstract call into question even the uniforms of staff or the decoration of premises as the “packaging” of the service, by analogy with product protection.¹³ Just think of the epitome of a Bavarian-style beer-house, adorned with rampant lions or the blue-and-white diamond motif, and staffed by waiters and waitresses dressed in typical “*lederhosen*” and “*dirndl*”.¹⁴

Leaving aside the vexing question of prior rights acquired in good faith,¹⁵ the protection recognized in this field represents a new frontier for GIs. So far, services have constituted unexplored territory, with respect to which the abovementioned case-law stands as a first and decisive outpost: herein lies also its historicity, which is comparable almost to what happened with the introduction of EU *sui generis* geographical titles for products.¹⁶

However, such protection represents only the front side of a multi-faceted issue. In fact, the model of exploitation of GIs is also facing a new frontier. The problem is that the desire to protect GIs also in the field of services has been clearly set as an objective in EU regulations, but its implications have not been well foreshadowed.¹⁷ Even the reform does not address this issue in any way, let alone offer possible solutions.

Footnote 12 continued

the product itself, so that they could easily be brought under the same prohibition on evocation by extension, as is already clear from the example explicitly given in EUIPO, Guidelines for examination, 31 March 2023, (hereinafter “Trademark Guidelines”), p. 664 (without prejudice, of course, to the fundamental question – to be discussed below – on the open entitlement to use the GI for producers that meet the constitutive requirements also with reference to services, *a fortiori* in the case of TSGs, which do not require a territorial link). Indeed, this reflection is valid *rebus sic stantibus*, pending the final approval of the reform, which however seems to confirm evocation also for TSGs (see Art. 69(1) of Draft EU Reg GI-AGRI). For some more comprehensive thoughts on the future of TSGs, see Zappalaglio (2022), p. 1147.

¹³ Such parallel, far from being absurd, can in fact be found in the case of a flagship store design registered as a trademark for retail sale services, considered admissible by the CJEU, C-421/13, *Apple Inc. v. Deutsches Patent- und Markenamt*, ECLI:EU:C:2014:2070.

¹⁴ In this regard, it must be reiterated that, together with the cited figurative dimension, indirect territorial references, such as the suffix “-*bräu*” or similar German jargon, are also in theory sufficient to trigger protection against evocation from the conceptual point of view (CJEU, C-44/17, *Scotch Whisky Association v. Michael Klotz*, ECLI:EU:C:2018:415). This is not to mention that, in addition to the PGI “Bayerisches Bier”, the process of registering also “Oktoberfestbier” as a PGI has now concluded, with all that this may entail in terms of evocation for events and shows, which are after all commercial services too (see Commission Implementing Regulation (EU) 2022/2705 in OJEU, 28 October 2022, L 280/6).

¹⁵ See, respectively, Art. 14(2) of Regulation (EU) 1151/2012; Art. 102(2) of Regulation (EU) 1308/2013; Art. 36(2) of Regulation (EU) 2019/787.

¹⁶ Although this ruling is merely interpretative in nature, it is clear that in practice it will pave the way for a new paradigm of protection for geographical names in the field of services, similar in some respects to the very introduction of the PDO and PGI regimes with Regulation (EC) 2081/92; for a historical perspective, see Zappalaglio (2021), p. 101.

¹⁷ See recital 97 of Regulation (EU) 1308/2013, and recital 32 of Regulation (EU) 1151/2012.

3 The “Reverse” Side of Exclusivity and a New Frontier for Geographical Indications: Services as a “Conquered Land”

Closer inspection reveals a reverse side to this new area of exclusivity for GIs: the question is, then, whether it merely expresses a ban on evoking protected geographical names for services – a “no man’s land” – or rather reserves exploitation for rightholders – a “conquered land”.

After all, it is in the very nature of intellectual property rights, which include GIs according to the EU legislator itself,¹⁸ that they should be understood not only in a negative/defensive sense, in its primary configuration as *ius excludendi*, but also indirectly in a positive/inclusive sense.¹⁹ That is why, after the *Champanillo* case, it is time to reflect on GI protection in the field of services also from an active perspective. In fact, the recognition of such area of exclusivity may indeed have opened the door to further levels of exploitation of GIs in the distribution sector, through shops, bars, restaurants, agritourism and other activities offered to the public under the reserved trade name.²⁰ From this point of view, the fact that the judgment in question concerned a service connected to the distribution of the PDO evoked does not reduce the scale of the issue, since this is indeed the sector of greatest commercial interest for typical geographical products.

The problematic aspect of this reverse side of GI protection in the field of services is not (only) the positive right in itself, but how it could be exercised. As is known, GIs provide that any local and compliant operator is entitled to use the protected name for the typical products.²¹ However, such an individual right is to a certain extent governed by the so-called “producer group” as a central collective organization.²² This means that, first of all, the active exploitation of GIs in the field of services faces a complex coexistence in terms of legitimate subjects.

Moreover, looking at the reality of business, it is easy to foresee that commercial exploitation would tend to go beyond direct ownership, favoring also profitable alternatives, like authorized channels that operate under the geographical name on the basis of a license model. Actually, this perspective seems to clash with the legal structure of GIs under EU law, where – for reasons that are undoubtedly understandable – any possibility of licensing has historically been denied.²³ In subjective terms, the mission of enhancing the value of GIs vested in producer

¹⁸ In this sense see Art. 4(b) of Regulation (EU) 1151/2012, not to mention the relevant legal basis of Art. 118(1) TFEU; in case-law see CJEU, C-388/95, *Kingdom of Belgium v. Kingdom of Spain*, ECLI:EU:C:2000:244, para. 54.

¹⁹ See, for all, Ghidini (2018), p. 20.

²⁰ For example, sommelier services, where the same *Comité* is already active with its own “branded” programme of “*Ambassadeurs du Champagne*” (<http://www.lesambassadeursduchampagne.com/fr/>).

²¹ See Art. 12(1) and Art. 46(1) of Regulation (EU) 1151/2012; in addition, more emphatically in its classification as an explicit “right to use”, Art. 36 of Draft EU Reg GI-AGRI and, for craft GIs, Art. 47 of Regulation (EU) 2023/2411.

²² See Art. 32 of Draft EU Reg GI-AGRI and, for craft GIs, Art. 45 of Regulation (EU) 2023/2411.

²³ See, e.g., Ribeiro de Almeida (2021), p. 306.

groups does not amount to their recognition as rightholders.²⁴ Furthermore, the EU system imposes *ex officio* protection of GIs, which apparently conflicts with external uses tolerated on an individual basis.²⁵ However, the EU reform now seems to be consolidating the position of producer groups by giving them “recognised” status²⁶ and, most of all, by adding the hitherto lacking “ingredient”: for the first time, it makes provision for producer groups to exercise a power of authorization in the case of (craft) derivative products, in a similar way to the consent that underlies trademark licenses.²⁷

This evolution in the regulations gives further substance to the scenario outlined. Furthermore, such economic extension would easily be backed by legal policy as representing an additional aspect of the “aim of enabling [territorial] operators to secure higher incomes in return for a genuine effort to improve quality” that, as is known, constitutes one of the main objectives (if not the characterizing one) of the EU regime.²⁸ It should be pointed out that this is not to support this possible development *ex parte*, but to address it more consciously: like it or not, a realistic legal analysis can no longer ignore this option.

On the contrary, should this scenario materialize, it will become essential to strongly reaffirm the fundamental elements of GIs in a way that is fully consistent with their founding rationale. Thus, even in the field of services, what should remain pivotal is the reference to territorial quality in the form of a collective and public (or, if preferred, meta-individual and meta-private) guarantee that underlies the exclusive but multiple use of the geographical name, according to a model of open

²⁴ Before the current EU reform *see* Art. 45(1) of Regulation (EU) 1151/2012, to be compared, in the Italian system, with Art. 53(15) of Law No. 128/1998 and Art. 41 of Law No. 238/2016.

²⁵ Art. 13(3) of Regulation (EU) 1151/2012, inserted to remedy the denial by CJEU, C-132/05, *Commission of the European Communities v. Federal Republic of Germany*, ECLI:EU:C:2008:117; for a recent application in case-law, affirming the failure of a Member State to fulfil such obligations of protection, *see* CJEU, C-159/20, *European Commission v. Kingdom of Denmark (AOP Feta)*, ECLI:EU:C:2022:561; incidentally, in the context of the reform, services are now also expressly mentioned under Art. 42(3) of Draft EU Reg GI-AGRI and Art. 54(2) of Regulation (EU) 2023/2411.

²⁶ For the new position of “recognised” producer groups as envisaged by the reform, *see* Art. 33 of Draft EU Reg GI-AGRI, together with the further addition under Art. 24(2), according to which the recognised producer group shall be identified as the “representative of the producers of a product designated by a geographical indication in the Union register”; however, expressly in terms of “a collective right held by all eligible producers in a designated area willing to adhere to a product specification” *see* also recital 9 of Draft EU Reg GI-AGRI.

²⁷ This reference is to the proposed provision for the use of a GI in the trade name of a processed or manufactured product where the typical product is used as an ingredient or component, making such use subject to an “agreement” with the respective producer group (Art. 28(2) of Proposal EU Reg GI-AGRI and Art. 36(2) of Proposal EU Reg GI-CRAFT): actually, the original provision has been maintained for craft GIs with reference to producer group “consent” under Art. 41(2) of Regulation (EU) 2023/2411, while the final version of Art. 28 of Draft EU Reg AGRI-GI seems to have been readjusted, less strictly, along the lines of the Commission Guidelines on the labelling of foodstuffs using protected designations of origin (PDOs) or protected geographical indications (PGIs) as ingredients (2010/C 341/03); on this topic, in the context of preparatory works, please refer to Calabrese (2023), p. 339.

²⁸ As stated in the very same decision of CJEU, C-783/19, *Comité Interprofessionnel du Vin de Champagne v. GB*, ECLI:EU:C:2021:713, para. 49, in addition to what is generally affirmed in the context of the reform by Proposal EU Reg GI-AGRI, para. 3, p. 11 (expressly recalling also Art. 17(2) of the EU Charter of Fundamental Rights).

and non-discriminatory access for all local producers that fulfil the objective conditions of the specifications.²⁹

Therefore, the active exploitation of GIs will necessarily have to mirror this fundamental principle, so that, at the least, each legitimate producer will generally have the right to undertake autonomous proprietary activity under such denominative or evocative “signs” of typical local character.³⁰ As mentioned, this is particularly true for “associated” services,³¹ or, in any case, for services more closely related to the distribution of geographical products,³² with respect to which the strategic need for centralized valorization in the hands of the producer group seems to be overstrict.³³ In this sense, a limit may be imposed on the independent use of the geographical name by legitimate producers where the single local business “unfairly” presents its services to the market, e.g. by pretending to be the official collective resale platform for the GI in question.³⁴

Conversely, what is certain is that any suggestion to expand GIs in the field of services can never go so far as to allow underhand forms of delocalization through the provision of “production” services that exploit the geographical name to circumvent the territorial anchorage at the core of the protected typicality. This would deny the very rationale of this *sui generis* right.³⁵ In other words, a legitimate producer, or even the relevant producer group, could not be allowed to promote extraterritorial products on the market under its service of “supervision”, so that, alongside original *Prosciutto di Parma*, *Scotch Whisky* and *Champagne*, there were ham aged according to the official “*metodo Parma*”, spirits distilled and matured by

²⁹ Referring back to what was anticipated above, the open and individual right to use that characterizes this *sui generis* regime is framed as “the positive aspect (*ius utendi*)” of GIs as intellectual property by Martínez Gutiérrez and Vázquez Ruano (2021), p. 381.

³⁰ To confirm, this individual right to use a protected geographical name is allowed in the registration of trademarks where the applicant is a legitimate producer and the classes of goods are appropriately limited to the typical product: see EUIPO, Trademark Guidelines, p. 646.

³¹ As so designated originally in the request for a preliminary ruling in the seminal case already cited: see CJEU, C-783/19, *Comité Interprofessionnel du Vin de Champagne v. GB*, ECLI:EU:C:2021:713.

³² Again in the context of trademarks, in favor of such extended entitlement to register (subject to the abovementioned limitation of goods to protected geographical products only) with explicit reference to “when identical goods constitute the specific object of services such as retail, wholesale, import/export, provision of drink and food, production of [the product covered by the GI] for others”, see EUIPO, Trademark Guidelines, p. 643.

³³ Unlike for sponsorship or merchandising, where there is a clearer need for no contradiction in terms of business strategy; however, the actual margin of economic freedom that an individual local producer has in the promotion of a geographical product is a debated point of the *sui generis* regime, as emerged in the case of an “independent” collective mark that was considered incompatible by the District Court of Venice, 24 October 2017, confirmed as such by the Court of Appeal of Venice, 10 October 2019, No. 4333, both in *Rivista Diritto Agrario*, 2020, II, 147, but then, to the contrary, assessed in a positive light by the EUIPO, decision 11863, 11 July 2017, *Famiglie dell’Amarone d’Arte – Amarone Families*.

³⁴ In this sense, concerning the use of a GI as a domain name, see District Court of Paris, 11 May 2023, 22/11181 – CT0196 (https://www.dalloz.fr/documentation/Document?id=TJ_PARIS_2023-05-11_2211181).

³⁵ On how the reputational drift of GIs cannot be transformed into an extraterritorial production license, which would irreconcilably contradict the founding rationale of this *sui generis* intellectual property right, please see Calabrese (2021), p. 304.

the official “*Scotch method*”, or sparkling wine fermented by the official “*méthode champenoise*”.³⁶

Admittedly, such principles would constitute only the core of a discipline with innumerable problematic implications: before any other operational aspect, the question arises of how to consider the founding relationship between quality and territory in this context. Thus, it should be asked whether certain parameters of “qualitative distribution”³⁷ may (or even must) be imposed for services under the protected geographical name, and whether these in turn may possibly be extended – in conflict with the primary right of local producers, as described above – to third-party service operators, most likely under the managing responsibility of the producer group.³⁸

On the one hand, this qualitative imposition would reflect the rationale of the product specification that characterizes GIs. On the other hand, it would lack the territorial component that constitutes the prerequisite of the right itself.³⁹ At the same time, however, the protection of GIs does not automatically imply that ancillary activities, such as packaging operations, can be reserved for local producers. Such operations can only be limited under EU law where there is due justification on the basis of quality, origin or control requirements.⁴⁰

This clearly demonstrates the tension underlying this new dimension of GI protection, since services are increasingly integrated with products in the configuration of business models, yet by their very nature transcend the territorial boundaries of production.

The problem is even more acute for digital services, given their dematerialized nature. Just think of electronic commerce, where specialized shops or platforms

³⁶ This would be a paradoxical revival of the “*méthode champenoise*”, the nomenclature of which was firmly opposed by the *Comité* to the point of insisting on its change to the current terminology of “classic method”: on this subject, see Jay and Taylor (2013), p. 1.

³⁷ In fact, such a situation resembles the model of selective distribution typical of luxury trademarks. However, it must be anticipated that the diversity of legally protected functions will also impact on the profile of exhaustion (and its reasons for opposition) in case of resale (further analyzed in the following section), if similar arguments are raised to protect the reputation of GIs (e.g. as already set forth by Montero (2021), p. 433).

³⁸ A further issue concerns the right of the individual local producer to be included in a commercial offer bearing the protected name, which, in the particular case of a service managed directly by the producer group (and not by another peer local producer), seems difficult to deny: in this sense, the principle of non-discrimination is included as a statutory requirement for the recognition of producer groups in the Italian system pursuant to Art. 41(3)(b) of Law No. 238/2016.

³⁹ The situation is different for TSGs, which already disregard the territorial element as they are based exclusively on adherence to the codified traditional recipe: Art. 18(2) of Regulation (EU) 1151/2012; on this topic, see Zappalaglio (2021), p. 1147.

⁴⁰ See Art. 7(1)(e) of Regulation (EU) 1151/2012; for the judicial recognition of the reservation of slicing operations, CJEU, C-108/01, *Consorzio del Prosciutto di Parma and Salumificio S. Rita SpA v. Asda Stores Ltd and Hygrade Foods Ltd*, ECLI:EU:C:2003:296, and for grating, CJEU C-469/00, *Ravil SARL v. Bellon import SARL and Biraghi SpA*, ECLI:EU:C:2003:295, both following the *ratio decidendi* already established for bottling wine in CJEU C-388/95, *Kingdom of Belgium v. Kingdom of Spain*, ECLI:EU:C:2000:244; more recently, in a restrictive sense, see CJEU, C-367/17, *S v. EA, EB and EC*, ECLI:EU:C:2018:1025; for a critical commentary on this case-law, see Kur and Cocks (2007), p. 1008.

offering typical products could present their website in an evocative fashion, let alone the direct use of GIs in the domain name.⁴¹ For these, the same dilemma arises regarding the different possible options: a monopoly reserved for the producer group, a collective right among all local producers, or a more decentralized use open to all operators that meet certain conditions (although that use could be re-centralized through the management of such business relationships in the hands of the producer group itself). The point is far from being negligible, considering how the enforcement of GIs has been specifically extended to online sales.⁴²

4 The Other Side of Market Services and a Problem Hitherto “Undisputed”: The Exhaustion of Geographical Indications

Although the scope of GIs is technically confined to the geographical name, the practical relevance of these exclusive rights tends to exceed their strict limits: in fact, trade names constitute a competitive differential value that may substantially impact businesses.

Along these lines, there is another side to this multi-faceted issue, which could have such a substantial impact on market services beyond the use of GIs as a trade name. In particular, the direct classification of GIs as intellectual property rights calls into question the relationship between exclusive protection and the free movement of goods also for typical products.⁴³ From this point of view, any market activity that deals with the distribution of goods has to take into account possible restrictions deriving from intellectual property rights, which by their very nature apply beyond the contractual dimension of *inter partes* obligations.⁴⁴

This is where the principle of exhaustion comes into play, which allows the free resale by independent retailers of protected products that have already been marketed by (or with the consent of) the rightholder.⁴⁵ However, there are limits to the principle of exhaustion too, such as the territorial dimension of the EU market or the integrity of the original product.⁴⁶

⁴¹ In this sense, again consider the possibility of the use of a GI in a domain name following the extension of protection expressly provided for by the reform under Art. 27(3) and Art. 34 of Draft EU Reg GI-AGRI, and, for craft GIs, under Art. 40(3) and Art. 46 of Regulation (EU) 2023/2411.

⁴² In addition to the abovementioned protection for domain names, *see*, for protection in the field of electronic commerce, Art. 27(4)(b) of Draft EU Reg GI-AGRI and, for craft GIs, Art. 40(4)(b) of Regulation (EU) 2023/2411; on this aspect, *see*, again, Montero (2021), p. 433.

⁴³ In this sense, on EU case-law that classifies GIs as industrial and commercial property rights within the meaning of Art. 36 TFEU, *see* Knaak (2015), p. 845.

⁴⁴ It should be borne in mind that a breach of certain contractual clauses by a licensee could also amount to a direct non-contractual infringement of an intellectual property right, as provided for, in the case of trademarks, by Art. 25(2) of Regulation (EU) 2017/1001.

⁴⁵ On the principle of exhaustion and its political nature in the shaping of markets, *see* Ghosh and Calboli (2018), p. 22.

⁴⁶ For a recent case on product debranding that shows some overlap (and to a certain extent confusion) between the two limits, *see* CJEU, C-129/17, *Mitsubishi Shoji Kaisha Ltd and Mitsubishi Caterpillar Forklift BV v. Duma Forklifts NV and G.S. International BVBA*, ECLI:EU:C:2018:594.

The previous reference to distribution services in connection with the offer of protected typical products, and possible quality standards as conditions for the use of the geographical name, draws attention to the exhaustion problem also in relation to GIs.

In all truth, the silence of the law on this point, albeit ambiguous, does not seem to challenge the applicability of exhaustion for GIs.⁴⁷ In fact, the question can be said to be “undisputed”, which could also mean that it is self-evident. But, on closer inspection, this is not the case.

Increasingly relevant instances are emerging of the “closure” of GI trade circuits, with the aim of bringing any appreciable externality of quality schemes back within the control of legitimate producers, if not their exponential groups.⁴⁸ In addition, the more and more frequent invocation of “prestige” as a justification for protecting GIs seems to further complicate the picture, having relevant implications for freedom of competition in the resale of typical products in accordance with a well-known trend for trademarks under EU law. In the face of this, it is logical to assume that it will not take much for the problem of exhaustion to become real for GIs as well.

Having said that, the problematic nature of the issue might seem counterintuitive at first glance. Namely, it might be thought that no problems would arise from extending exhaustion to GIs, as the principle pursues the opening-up of competition in order to remedy precisely the instances of closure described. Besides, the absence of a properly innovative purpose for this intellectual property right does not *per se* represent an obstacle, as that is also true of trademarks, which indeed represent the closest model for GIs.⁴⁹

However, what appears to be the “bright side” of the question conceals a “dark side”: while it is true that the principle of exhaustion aims first and foremost at circumscribing the scope of exclusive rights in the market, it is equally true that its discipline is more complex, since, as mentioned, the limits and conditions of its application conversely bring with them the possibility of defusing the very operation of such principle. Emblematic of this different angle is the clause concerning legitimate reasons for opposing exhaustion under EU law, originally provided for trademarks, but with a tendency to be recognized for other intellectual property rights as well.⁵⁰

Because of the close affinity between trademarks and GIs, it is easy to imagine how, at least by analogy, legitimate reasons for opposition to exhaustion will be at

⁴⁷ See EU Commission Notice Guide on Articles 34–36 of the Treaty on the Functioning of the European Union (TFEU) 2021/C 100/03 (in OJEU, 23 March 2021, C 100/38), para. 7.1.4, where GIs are mentioned among the intellectual property rights that could justify restricting the free movement of goods, save for the vague reference to “specific rules” provided by EU case-law to govern GIs in this respect.

⁴⁸ In addition to the issue already mentioned of GIs as ingredients or components, the authority conferred by the EU reform on recognised producer groups to “take steps to prevent or counter any measures or commercial practices which are, or risk being, detrimental to the image and value of their products” (Art. 32(3)(e) of Draft EU Reg GI-AGRI) is quite significant in this sense.

⁴⁹ On the fallacy of tracing the trademark system back to innovation purposes in a proper sense, see, recently, Gangjee (2020b), p. 192.

⁵⁰ For trademarks, see Art. 15(2) of Regulation (EU) 2017/1001 and Art. 15(2) of Directive (EU) 2015/2436; similarly, for patents, see Art. 29 of the Agreement on a Unified Patent Court, 2013/C 175/01.

the heart of the issue for GIs too. The problem therefore requires the correct approach.

Firstly, it is important to avoid the fallacy of interpreting legitimate reasons for opposition as the surreptitious restatement of basic claims of exclusive control over the relevant free movement of protected goods.

As already mentioned, the aim of exhaustion is to free further acts of commerce from the control of the rightholder, even if they are not authorized: it would therefore be contradictory, after the first sale, to revive the same claims for authorization in the form of legitimate reasons for opposition.⁵¹ Furthermore, such legitimate reasons must be based on specific different prejudices from those underlying the normal exercise of exclusive rights: accordingly, EU trademark law recognizes that it is possible to oppose advertising uses within secondary markets only when the concrete modalities of promotion differ from industry practices and in any case cause “serious” – i.e. uncommon and unjustifiable – prejudice to the reputation of a protected sign.⁵²

Secondly, it would be equally fallacious in this context to transpose *en bloc* the reconstruction of legitimate reasons that are valid for trademarks. This would deny the peculiarities of GIs.

In this regard, apart from the precautions just outlined, it must be recalled that legitimate reasons will also depend on the legally protected function of the intellectual property right involved. Therefore, the specific founding rationale of GIs, which differentiates this *sui generis* right from trademarks, should be implemented appropriately. In particular, the primarily qualitative/promotional function of local typicality pursued by GIs, i.e. beyond the mere function of distinguishing the geographical origin of the product, implies that both the guarantee of quality addressed to consumers, on the one hand, and the protection of remuneration for traditional producers, on the other, should play a central role.⁵³

However, the aforementioned rationale is not affected by the subsequent circulation of products protected by GIs: regarding the guarantee of quality, certification of conformity therewith always, by its nature, follows the movement of the typical product in the market, as symbolized by the obligatory affixing of the official EU “stamp” marking PDOs and PGIs.⁵⁴ As for the protection of

⁵¹ Actually, this is a problem that already affects trademarks: for an explanation of such an interpretation of exhaustion, see Kur (2021), p. 228.

⁵² The use of trademarks for advertising for resale purposes tends to be exempted under said threshold of “seriousness” of prejudice to reputation in the context of exhaustion, following CJEU, C-558/08, *Portakabin Ltd and Portakabin BV v. Primakabin BV*, EU:C:2010:416 and, in identical terms for accessory copyrighted materials, following CJEU, C-63/97, *Bayerische Motorenwerke AG (BMW) e BMW Nederland BV v. Ronald Karel Deenik*, EU:C:1999:82.

⁵³ So to summarize the list of multiple, indeed hybrid (not to say heterogeneous), objectives pursued by the EU regime for protecting GIs, as laid down in Art. 1(1) of Regulation (EU) 1151/2012, and now updated by Art. 4(1) of Draft EU Reg GI-AGRI (in parallel with Art. 2 of Regulation (EU) 2023/2411; for significant recognition in case-law of this particular multifunctionality, see CJEU, C-159/20, *European Commission v. Kingdom of Denmark (AOP Feta)*, EU:C:2022:561.

⁵⁴ For PDOs and PGIs, see Art. 12(3) of Regulation (EU) 1151/2012.

⁵⁵ This founding logic of exhaustion is expressly recognized for trademarks by CJEU, C-46/10, *Viking Gas A/S v. Kosan Gas A/S*, EU:C:2011:485.

remuneration, exhaustion does not affect the logic of “secured” higher income, but rather presupposes that the premium price was paid at the time of first purchase, fully rewarding the exclusive right and underlying investments.⁵⁵

This line of argumentation seems relevant already for the legitimate reason expressly provided by law, i.e. alteration or modification of the product.⁵⁶ While, for the most obvious cases of “adulteration”, there are clearly no doubts for GIs either, use as an ingredient or component for the purpose of elaborating a processed or manufactured product raises different considerations. In this sense, as anticipated, the reform has introduced a provision giving the producer group the possibility to grant authorization for using the (craft) GI in the trade name of the derivative product.⁵⁷ On the new rule, it should just be recalled here that the special rationale of GIs imposes a consistently open and non-discriminatory interpretation in allowing access to the protected name, even to the benefit of third-party operators, as long as they comply with the relevant quality requirements (as well as with general principles of professional fairness).⁵⁸

5 Predicting Opposition to the Exhaustion of Geographical Indications: Beware of “Prestige” Tricks

Even more importantly, attention must be paid to the other relevant legitimate reason for opposition to trademark exhaustion, namely, prejudice to the so-called “aura of luxury”.⁵⁹

It should be noted that the aura of luxury receives protection by way of exception. Actually, it is not equivalent to the “repute” underlying the characteristic protection

⁵⁵ This founding logic of exhaustion is expressly recognized for trademarks by CJEU, C-46/10, *Viking Gas A/S v. Kosan Gas A/S*, EU:C:2011:485.

⁵⁶ Again, see Art. 15(2) of Regulation (EU) 2017/1001 and Art. 15(2) of Directive (EU) 2015/2436; in case-law, on the codified but non-exhaustive nature of such exemplification, see CJEU, C-197/21, *Soda-Club (CO2) SA and SodaStream International BV v. MySoda Oy*, EU:C:2022:834.

⁵⁷ By no means it is here ignored that the intent of the EU reform responds primarily to the need to fight blatant parasitism (which is surely to be condemned, albeit with proportionate remedies): however, this was an element that was all but disregarded by previous EU Commission guidelines, which, in a more balanced fashion, did give a response to such need for protection, while still taking care to avoid any unfair reference to a geographical name that might conceal purposes of undue free-riding (see Commission Guidelines on the labelling of foodstuffs using protected designations of origin (PDOs) or protected geographical indications (PGIs) as ingredients, cit., para. 1.1). Actually, this more balanced approach seems eventually revived by the reform for agri GIs under Art. 28 of Draft EU Reg AGRI-GI.

⁵⁸ In this sense, an approach involving the purely discretionary and voluntary authorization of producer groups, such as that apparently implied in the reform for craft GIs under Art. 41(2) of Regulation (EU) 2023/2411, does not seem admissible. Therefore, apart from the discrepancy with agri GIs, a corrective interpretation should be reaffirmed, at least in terms of providing for the *ex ante* generalization of objective conditions in product specifications for the use of GIs in the trade name of the elaborated product (possibly supported by an obligation to notify upon interested operators for transparency purposes), as argued in Calabrese (2023), p. 343.

⁵⁹ See CJEU, C-337/95, *Parfums Christian Dior SA and Parfums Christian Dior BV v. Evora BV*, EU:C:1997:517, and CJEU, C-59/08, *Copad SA v. Christian Dior couture SA, Vincent Gladel and Société industrielle lingerie (SIL)*, EU:C:2009:260.

of trademarks with a reputation.⁶⁰ *A fortiori*, the aura of luxury is even more remote from the trademark's essential function of indicating commercial origin, which is recognized as pivotal in the context of exhaustion.⁶¹ Regardless of that, and of the basis for criticism of such "spiritual" sublimation of the trademark, this legitimate reason of opposition has been in fact widely recognized, particularly in relation to selective distribution networks.⁶²

Therefore, strong protection against exhaustion afforded by the aura of luxury is likely to attract GIs as well. Moreover, such an assumption to protect reputational values would easily find a foothold in the increasingly broader – though no less problematic – relevance conferred on geographical reputation under the *sui generis* regime.⁶³

However, even geographical reputation, while undoubtedly deserving protection, must be correctly understood, always in line with the special rationale based on the typical quality of the product as controlled, guaranteed and promoted by the "hybrid" certification schemes constituted by PDOs and PGIs.⁶⁴

Such thinking runs counter to the over-simplistic assimilations made to the aura of luxury of trademarks. In fact, the protection of the reputation of GIs must still be traced back to quality considerations, albeit in the particular sense just mentioned.⁶⁵ This leads to the rejection of any misrepresentation of geographical reputation in terms of "prestige" which is emerging in practice.⁶⁶ In this sense, it is not possible

⁶⁰ This does not call into question the extension of trademark protection against free-riding, in terms of advantage disconnected to any actual prejudice to reputation, after CJEU, C-487/07, *L'Oréal SA, Lancôme parfums et beauté & Cie SNC, and Laboratoire Gäriner & Cie v. Bellure NV, Malaika Investments Ltd, and Starion International Ltd* ECLI:EU:C:2009:378, as promptly criticized by Gangjee and Burrell (2010), p. 282

⁶¹ Expressly in this sense, *see, e.g.*, CJEU, C-291/16, *Schweppes SA v. Red Paralela SL and Red Paralela BCN SL*, ECLI:EU:C:2017:990.

⁶² In addition to the fundamental case of CJEU, C-59/08, *Copad SA v. Christian Dior couture SA, Vincent Gladel and Société industrielle lingerie (SIL)*, EU:C:2009:260, for further recognition of such trademark protection instances also in digital markets *see* CJEU, C-230/16, *Coty Germany GmbH v. Parfümerie Akzente GmbH*, ECLI:EU:C:2017:941.

⁶³ As demonstrated in this regard by the express references to the "reputation" of GIs as an object of protection in Art. 27(1)(a) of Draft EU Reg GI-AGRI and Art. 40(1)(a) of Regulation (EU) 2023/2411, as well as in the context of the definition of evocation originally included (and then abandoned) by the reform under Art. 27(2) of Proposal EU Reg GI-AGRI and Art. 35(2) of Proposal EU Reg GI-CRAFT; on the role of reputation in the EU GI regime in general, *see* Zappalaglio (2021), p. 76.

⁶⁴ For further thoughts on the particular notion of the typical quality underlying the GI as a *sui generis* intellectual property right, please *see*, once again, Calabrese (2021), p. 315.

⁶⁵ Following fundamental recognition by CJEU, C-388/95, *Kingdom of Belgium v. Kingdom of Spain*, ECLI:EU:C:2000:244, para. 56, which affirms that "the reputation of designations of origin depends on their image in the minds of consumers. That image in turn depends essentially on particular characteristics and more generally on the quality of the product. It is on the latter, ultimately, that the product's reputation is based". This serves to clarify (if not override) CJEU, C-3/91, *Exportur SA v. LOR SA and Confiserie du Tech SA*, EU:C:1992:420, para. 28.

⁶⁶ In these terms, although without it having any influence on the decision of the case, *see* CJEU, C-393/16, *Comité Interprofessionnel du Vin de Champagne v. Aldi Süd Dienstleistungs-GmbH & Co. OHG*, ECLI:EU:C:2017:991, para. 41, after the further-reaching Opinion of Advocate General Campos Sánchez-Bordona in the same case, EU:C:2017:581, para. 99 (which is actually contestable for the different outcome it proposed). However, the problematic nature of this judicial statement lies in the foothold it gives rightholders for their arguments, as readily invoked in the express terms "aura of luxury

to allow a typical product to be protected on the basis merely of its self-referred commercial image (represented unilaterally, even before being externally perceived).⁶⁷ Also because, following this trend would result in concluding *ad absurdum* that all GIs could claim such extended protection, since it could be argued that they enjoyed a reputation *ex lege* without distinction of any kind.⁶⁸ However, it seems clear that this would lead to the paradox of a *sui generis* regime of designations and indications of (geographical) “origin” where the actual connection between the product and its characterizing source became even less central than the (entrepreneurial) “origin” that trademark law endeavors to safeguard in the context of exhaustion.⁶⁹

The conclusions would be the same if it were instead assumed that prestige was more specific than geographical reputation, by analogy with the relationship between the aura of luxury and trademark reputation. In this case, it could reasonably be objected that “prestige”, invoked as a legitimate reason for opposition to the further unauthorized marketing of the typical product, was actually “luxurious” in nature: i.e. it was actually attributable to a certain trademark policy and not, more properly, to the substantive territorial production, which, as such, bases its GI protection rather on commitments essentially related to typical quality.⁷⁰

6 A Further Problem However “Unavoidable”: Lawful Uses of Geographical Indications for Competitive Services

It is evident from all the foregoing that the extension of GI protection against services represents a challenge for the innovation of this intellectual property right,

Footnote 66 continued

and prestige” (so indeed fully demonstrating what is assumed here in the reasoning): *see* Opinion of Advocate General Pitruzzella, C-783/19, *Comité Interprofessionnel du Vin de Champagne v. GB*, EU:C:2021:350, para. 67, note 61.

⁶⁷ Nor could it be argued that such a legitimate reason for opposition would be valid for excluding forms of resale that did not offer adequate guarantees regarding the proper preservation of the GI product, because in that case quality (precisely substantive, in terms even of food hygiene) and not prestige (merely of image) would be the object of the alleged prejudice: by analogy, in the context of product packaging operation, *see* CJEU, C-367/17, *S v. EA, EB and EC*, EU:C:2018:1025, para. 28.

⁶⁸ In this sense, *see* EUIPO, Trademark Guidelines, p. 628, as supported by GCEU, T-510/15, *Roberto Mengozzi v. EUIPO*, EU:T:2017:54, para. 48; accordingly, *see* Zafrilla Diaz-Marta and Kyrylenko (2021), p. 447; for a different analysis of the particular notion of distinctiveness for GIs, *see* Song (2021), p. 25.

⁶⁹ The centrality of the fundamental function of trademarks in indicating origin when applying the principle of exhaustion in recent case-law is emphasized by Kur (2021), p. 228.

⁷⁰ As demonstrated by the possibility of very different stylistic approaches within the same group of local producers, even in the presentation of typical products that adhere equally to the relevant specification: with reference to *Champagne* itself, *see, e.g.*, ACB – Association des Champagnes Biologiques (<http://www.champagnesbiologiques.com>) as a “naturalist” movement that brings together organic producers of the famous French PDO, far from the classic luxury logic that characterizes it in the collective imagination (as well as in the enforcement policy by the *Comité*).

also and especially in the digital context, given the ability to directly reach markets farther away from the place of origin. In this regard, it does not seem satisfactory to avoid the problem by arguing that the issue pertains to the relevant collective trademark as a parallel distinctive sign functionally suitable for active exploitation of geographical reputation: in fact, this apparently clear-cut division would mean that the issue exited through one door only to re-enter through another, since the problems outlined above could only be answered by a dialogue between the two regimes.⁷¹

Actually, the problem could not be said to be entirely eliminated even if the new frontier of active exploitation of geographical names in the field of services were not opened up. Conversely, after the abovementioned case-law, also in the context of services it is all the more necessary to consider the position of market operators in terms of “limitations” or, more directly, lawful uses.⁷²

As the trademark system itself teaches, the exclusive right to use a sign does not mean that any use by others is illegitimate merely because it is not authorized.⁷³ There are various market situations in which descriptive or referential use of a sign is essential for the competitive balance of the system. This must also apply to *sui generis* GIs, which, without prejudice to their specificities, raise similar needs in the field of services.

On closer inspection, it is difficult to say whether this conclusion is more subversive or more obvious: reasoning from the perspective of intellectual property law, it would seem almost obvious, given the relationship between exclusive rights and free uses, even beyond the immediate parallel with the trademark system;⁷⁴ however, based solely on the strict terms of EU regulations on GIs, it would seem almost subversive, since there is no mention of the possibility of free use of

⁷¹ In fact, the problems involved in the relationships between the producer group, local producers and third-party operators remain unsolved from the point of view of concrete exploitation, considering the clause that states that a geographical collective mark “shall not be invoked against a third party who is entitled to use a geographical name” (see Art. 74(2) of Regulation (EU) 2017/1001 as well as Art. 29(3) of Directive (EU) 2015/2436). This clause, while absolutely opportune, nonetheless proves the aforementioned need for coordination.

⁷² Expressly, in this sense, see Kur et al. (2023), p. 312; for a further development of such argumentation, see Kur (2023), p. 87, and Dijkman (2023), p. 1226.

⁷³ For a reaffirmation of such principle see, recently, Opinion of Advocate General Szpunar, C-361/22, *Industria de Diseño Textil SA (Inditex) v. Buongiorno Myalert SA*, ECLI:EU:C:2023:653, para. 4; along the same lines, in a general analysis of GIs, see Song and Wang (2022), p. 597.

⁷⁴ In this regard, it should be noted how the idea is gaining ground, also in EU copyright law, that exceptions and limitations are not always to be understood in a restrictive and derogatory sense with respect to the owner’s exclusive rights, but on the contrary as corresponding subjective user rights: in case-law, see CJEU, C-401/19, *Republic of Poland v. European Parliament and Council of the European Union*, ECLI:EU:C:2022:297; for the debate under EU law, see Borghi (2021), p. 263; and in analogous terms for patent law, see Di Cataldo (2022), p. 18.

protected geographical names by third parties.⁷⁵ On the contrary, the only scenario that can be assimilated to this, i.e. the use of GIs as an ingredient, is emblematic of this gap in the system. Such use has until now been left to the assessment of case-law without a solid legal basis and, as said, is now indeed being regulated by the reform but – quite ironically – in a restrictive sense.⁷⁶ What is more, the same judicial path taken by comparative advertising for GIs under EU law, which – apart from any consideration of its merits – has arrived indirectly at extending what is lawful with respect to the textual legal provisions, conversely confirms this reluctance of the system.⁷⁷

The broad challenge of services for GIs also involves this aspect of lawful uses of the protected name in order to make this regime, although *sui generis*, a complete and genuine intellectual property right. In this sense, it seems correct as a matter of principle to reproduce the rule that, for trademarks, allows lawful referential use of an exclusive sign to indicate the object of one's own independent (and to some extent even competing) economic activity with respect to a rightholder's business.⁷⁸ Such use also allows the purpose of the respective good or service to be communicated, generally subject to professional fairness downstream, and the presupposition of use in the course of trade upstream.⁷⁹ If this were not the case, the exclusive right would in fact translate into a veritable monopoly on all economic activities ancillary to and connected with GIs,⁸⁰ extending from the geographical

⁷⁵ In this sense, EU law does not even transpose the minimal exception for the use of a personal name, as provided for at international level by Art. 24(8) of the TRIPS Agreement; in this regard, the aforementioned question of lawful uses cannot be reduced to the free use of the generic terms of compound geographical names as unprotected portions: see Art. 13(1) of Regulation (EU) 1151/2012, and, for its (quite controversial) application, see CJEU, C-432/18, *Consorzio Tutela Aceto Balsamico di Modena v. Balema GmbH*, ECLI:EU:C:2019:1045.

⁷⁶ CJEU, C-393/16, *Comité Interprofessionnel du Vin de Champagne v. Aldi Süd Dienstleistungs-GmbH & Co. OHG*, ECLI:EU:C:2017:991; however, the reform intervenes in this regulatory gap, specifically regulating the hypothesis of use of GIs as an ingredient in a more restrictive sense; for a critical comment on original proposals, see again Calabrese (2023), p. 342.

⁷⁷ Art. 4(e) of Directive 2006/111/EC, which, in strict legal terms, would limit comparative advertising to products bearing the same geographical indication, were it not for the reinterpretation (whether agreeable or not) of CJEU, C-381/05, *De Landtsheer Emmanuel v. Comité Interprofessionnel du Vin de Champagne and Veuve Clicquot Ponsardin SA*, ECLI:EU:C:2007:230.

⁷⁸ This principle can still be traced back to the fundamental ruling by CJEU, C-63/97, *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik*, ECLI:EU:C:1999:82, according to which exclusive rights “do not entitle the proprietor of a trade mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with his consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings”.

⁷⁹ See, respectively, Art. 14(1) and (2) of Regulation EU 2017/1001; on these scenarios see Kur and Senftleben (2018), p. 407.

⁸⁰ Returning to the example of sommelier activity, it must then be considered lawful to refer in commercial communications to the PDOs and PGIs of the wines involved in the specialized service, including *Champagne* itself, subject to the conditions that this is not confusing in terms of likelihood of business association, and is professionally fair in terms of undue linkage, recalling in that regard that “the

name to the service itself, in a manner that would far exceed the limits of this *sui generis* regime that, actually, does not (and should not) cover the product as such.⁸¹

7 Evolution Within the Bounds of Consistency: Against a “Brand” New World For Geographical Indications

Even in this case, the question of how to actually regulate such lawful uses in practice – and *mutatis mutandis* – is delicate and far from uncontroversial, particularly if the possibility of actively exploiting GIs in services is to be considered, as noted above.⁸²

Beyond the options detailed, it is important not to misunderstand the approach proposed here: the intention is by no means to pave the way for unlimited use of GIs, let alone “pirate”⁸³ uses. The objective is rather a system that reasonably weighs up the protection need and the competitive context in which, after all, such rights operate.⁸⁴

In this sense, a proper intellectual property law approach to GIs does not mean disregarding their specificities or suggesting a mere flattening at trademark level.⁸⁵ At the same time, any reading that follows the all-too-convenient one-sided invocation of the “wide-ranging” scope of such rights, as a *mantra* justifying any

Footnote 80 continued

mere fact that the reseller derives an advantage from using the trade mark in that advertisements for the sale of goods covered by the mark, which are in other respects honest and fair, lend an aura of quality to his own business” does not entail infringement of the exclusive right; the same principles “apply *mutatis mutandis*” in the case of related services (see, again, CJEU, C-63/97, *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik*, paras. 53 and 63).

⁸¹ It must be remembered that the production recipe can always be freely replicated, subject only to the prohibition on linking this alternative product to the GI in its name or presentation to the consumer. This is a fundamental principle that was recognized – albeit with some difficulty – by CJEU, C-490/19, *Syndicat interprofessionnel de défense du fromage Morbier v. Société Fromagère du Livradois SAS*, ECLI:EU:C:2020:1043, para. 36.

⁸² As in the case where the reference to GIs concerns neither an ingredient nor a production service, but an additional treatment, for example the maturing of spirits in casks already used for PDO wines, according to the example “Port cask finish” or similar, often included in the same trade name of the final product: for a mention of this practice as *obiter dictum* in the context of an (in itself debatable) assessment of the unlawfulness of a trademark, see EUIPO, decision R2028/2019-2, 11 May 2020, *Port ruighe*.

⁸³ Written question E-004095/14 Sergio Paolo Francesco Silvestris (PPE) and Oreste Rossi (PPE) to the Commission, “Agropiracy in Europe” (in OJEU, 16 October 2014, C 367/195).

⁸⁴ In this sense, Art. 7(1)(e) of Regulation (EU) 1151/2012 is again emblematic. In providing for an exception for packaging operations that can be included in a product specification (only for quality, origin or control reasons), it expressly refers to the need for “taking into account Union law, in particular that on the free movement of goods and the free provision of services”: equally after the reform see Art. 51(1)(e) of Draft EU Reg AGRI-GI and, albeit more implicitly for craft GIs, Art. 9(1)(g) of Regulation (EU) 2023/2411.

⁸⁵ For similar concerns see, expressly, Kur (2023), p. 90; on this point, stressing the difference between GIs and trademarks, see Knaak (2015), p. 853; further on this topic, see Gangjee (2020a), p. 256.

increase in GI protection without taking into account the sound functioning of GIs and the ensuing equilibrium of the system, should be challenged.⁸⁶

Conversely, GIs should learn from the criticism that has long been stigmatizing the excesses of intellectual property,⁸⁷ and show greater concern for the importance of balancing the opposing demands placed on them: if this does not happen, the risk is that, in the uncontrolled rush to benefit from (over)protection equivalent to that of reputed or luxury trademarks, GIs will end up being equated with trademarks themselves, thus losing in such a “brand” new world the special rationale for their existence and paradoxically endorsing those objections that historically deny their autonomous legitimacy.⁸⁸

In conclusion, it is fundamental to draw closer attention to the abovementioned need for balance, as inherent in the sound functioning of the competitive market to which also GIs pertain. In this way, it can be ensured the effective and correct pursuit of the legal functions of GIs (which, albeit particular and complex, are certainly appreciable) while avoiding the risks entailed in unconditionally supporting the goal of exclusive protection (as are well known from intellectual property in general), which lead instead to exchange the means for the ends.⁸⁹

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⁸⁶ Expressly (and nevertheless critically) in these terms: CJEU, C-783/19, *Comité Interprofessionnel du Vin de Champagne v. GB*, ECLI:EU:C:2021:713, para. 50.

⁸⁷ Moreover, the reference to such “wide-ranging protection” echoes the (in)famous “high level of protection” as the regulatory objective that has characterized the development of EU copyright law. The latter has often overlooked the other fundamental parameter of “fair balance” between rights and opposing interests, respectively referred to in recitals 9 and 31 of Directive 2001/29/EC: for a general analysis of the EU case-law also from this point of view, see E Rosati, *Copyright and the Court of Justice of the European Union* (OUP 2023), 59 and 77; for a specific criticism of the EU system from this point of view, see Musso (2012), p. 33.

⁸⁸ Again, for all, Hughes (2006), p. 299.

⁸⁹ In a more general sense, expressing such critical perspective in the approach to intellectual property, see Peukert (2011), p. 67; similarly, in support of such critical approach, see also Di Cataldo (2015), p. 383.

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