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Emerging Issues for Geographical Indication Branding Strategies

Sanjeev Agarwal and Michael J. Barone

MATRIC Research Paper 05-MRP 9
January 2005

Midwest Agribusiness Trade Research and Information Center
Iowa State University
Ames, Iowa 50011-1070
www.matric.iastate.edu

Sanjeev Agarwal is a professor and Michael J. Barone is an associate professor in the Department of Marketing at Iowa State University.

The authors would like to acknowledge MATRIC for funding this research.

For questions or comments about the contents of this paper, please contact Michael Barone, 3129 Gerdin Business Building, Iowa State University, Ames, IA 50011-1350; Ph: 515-294-6941; Fax: 515-294-7112; E-mail: mbarone@iastate.edu.

MATRIC is supported by the Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture, under Agreement No. 92-34285-7175. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture.

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Abstract

Branding strategies centering on the geographical origins of a product can provide a basis for differentiating commodity products. The use of such “geographical indications” (or GIs) can involve unique quality characteristics associated with a particular location or quality images that are based on the history, tradition, and folklore in a region. In this paper we describe the benefits and pitfalls (such as the threat of new entrants, oversupply, the broadening of boundaries to include more producers, and limiting generic use of such names) of using GI branding strategies. We also focus on trademark issues germane to a company’s ability to (1) adopt GI-based trademarks as a means of gaining a competitive advantage and (2) protect the rights associated with such marks in order to sustain this source of competitive advantage.

Keywords: brand, branding, commodity marketing, generic brand, geographic identity.

EMERGING ISSUES FOR GEOGRAPHICAL INDICATION BRANDING STRATEGIES

Brand names allow producers to achieve market recognition, differentiate their offerings, and gain legal protection. These brand-level assets, in turn, allow companies to command a premium for their products. However, the power of branding has eluded producers of commoditized products. Very few producers (notably, Dole and Chiquita) have been successful in using traditional branding strategies to sell commoditized products (such as pineapples and bananas). An alternative, and perhaps more common, method of creating differentiation for commoditized products is based on “varietal” differences, as when apple producers distinguish their products based on the variety of the apple produced (e.g., Braeborn, Gala, Jonathan, and Granny Smith). Unfortunately, “varieties” cannot be branded in a traditional sense, given that anybody anywhere can produce those same varieties.

A promising new development is the use of geographical origin as a basis for branding commodities. Florida Oranges, Idaho Potatoes, Maine Lobster, Napa Valley Wine, and Washington State Apples are all examples of geographical indication (GI) brands that have gained prominence in the United States. Geographical identities can afford producers “brand name” equity and protection usually not available to commodity products. With GI protection, producers are able to command premiums for their products, especially if perceived and/or actual quality differences exist, including product differences attributable to their unique geographical as opposed to varietal origins.

GI-based branding strategies as a form of market protection and promotion have long been available to wines and spirits in the European Union (Babcock 2003), with examples including Scotch, Champagne, and Cognac. Producers of food products were granted the same protection as a result of a 1992 E.U. regulation that provided Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) to items (e.g., “Parma” ham and “Feta” cheese) with production processes traditionally limited to cer-

tain geographic regions (Babcock 2003; Hayes, Lence, and Stoppa 2003). Because companies marketing their products using GIs have been able to capture premiums in the marketplace (Babcock 2003), the European Union has become more aggressive in granting GI brands and ensuring their protection beyond E.U. boundaries. The European Union is not alone in its efforts: India is keen to protect its Darjeeling tea, Sri Lanka its Ceylon tea, Guatemala its Antigua coffee, and Switzerland its Etivaz cheese.

Strategies based on GIs could also represent a viable approach for U.S. producers to gain competitive advantages in the marketplace. In fact, some domestic producer groups have already established such brands, notably, Vidalia onions, Wisconsin cheese, and Kona coffee (Babcock 2003), in addition to those previously mentioned. GIs allow producers to create an image of “exoticness” or scarcity that enables them to obtain premium prices for products that would otherwise be ascribed commodity status. The main source of this exoticness comes from unique quality differences that may be attributed to production in a particular geographical area based on quality characteristics associated with that location. A 2004 article in *Business Week* describes different salt products with these characteristics: shimmering Indian Black Salt, Portuguese Algarve Salt, Australian Murray River Pink Flake Salt, Il Buco Handcrafter Italian Wooden Sea Salt, French Fleur De Sel, and Clay-tinged red Alaea Hawaiian sea salt. “Unlike common table salt, which is mined from the land and then refined, the best specialty salts are harvested from seawater that’s allowed to evaporate in the sun. The process preserves the minerals that lend each salt its distinctive appearance and flavor” (p. 142). According to the article, as a consequence of the success of GI strategies for these salt products, gourmet cooks pay as much as \$80 a pound for such varieties versus 30¢ per pound for common table salt.

These products may also derive exoticness from the history and tradition associated with the production processes used in the specific geographical areas from which the products originate. For instance, Parmesan cheese is one of the oldest Italian cheeses, developed about 2000 years ago in the castled city of Parma. It is the culinary tradition of that location that has enabled it to build its reputation. The same is true for Parma ham. Prosciutto di Parma (Parma Ham) has the reputation of being an absolutely natural product that manages to be delicious, easily digestible, and nutritional. The 2,000-year-old tradition of breeding and slaughtering the pigs, and curing, slicing, and packaging the

meat, makes it a gourmet meat product. Italian law protects the authenticity of the tradition by allowing only pigs with a certain ‘pedigree’ to be called Parma hams. They have to be born within the approved areas and selected farms, and they should spend at least four months in north central Italy. Their diet must consist of maize, barley, cereals, and, most importantly, whey from Parmigiano Reggiano cheese production that makes the pigs fatter and tastier than in other regions. Parma ham is made from the rear haunches of animals weighing at least 160 kg, which are aged at least nine months. The ratio between lean meat and fat is optimal. The Consorzio del Prosciutto di Parma (Parma Ham Consortium of farmers and producers) protects and assures the quality and authenticity of the product and enforces full respect for tradition.

Products with long tradition and history often blend the benefits of the location and authenticity of production expertise (or process secrets) with legends to create an additional dimension of folklore to create mystique. According to Kraft Foods, the legend associated with Parma cheese is that near the town of Parma, Italy, there was a mountain made entirely of grated parmesan cheese. Atop the mountain, a community of macaroni makers prepared hot pasta, bathed it in butter, and rolled it down the mountain to the hungry people waiting below (Kraft Foods, Inc. n.d.). Although this delicious story is just a legend, it does create a mystical aura that helps consumers remember the brand. A somewhat similar folklore exists regarding Parma ham. Legend has it that the pigs have unique legs because they roam in the hills. Moreover, the dry, fragrant breeze that blows down from the Apennine mountains dries the meat naturally and imbues it with its special character. In reality, modern production practices do not allow the pigs to roam on the hills, and while facilities do have windows facing the hills to bring the famous air, the facilities are air conditioned (Hayes et al. 2003).

Another way to create an aura of mystique surrounding a GI brand is to add human diligence, heroism, morality, and/or sacrifice. For example, the Maine Lobster Promotion Council blends the claims of geography (the cold, clean waters of Maine’s rocky coast that provide an ideal habitat for lobster) with claims of heroism and sacrifice, namely, the patience and fortitude it takes to successfully harvest lobsters in the sometimes punishing weather, attributes that have been passed on from generation to generation. The Council also reminds customers that the history and heritage behind every lobster that comes from

Maine means that only a lobster from the state's waters truly deserves to be called "Maine Lobster."

Unfortunately, reliance on GI-based strategies as a means of developing and sustaining competitive marketplace advantages is not without caveats. First, geographical identifiers are not owned by a single producer but rather by a collective of companies operating in a particular geographical area. Hence, individual producers have to identify their corporate/brand name as well as the geographical identifier. For instance, *Spottswoode Estate Vineyard & Winery* and *Swanson Vineyards and Winery*, among several others, are each producers of Napa Valley wine.

While GIs help differentiate products originating in one geographical area from those produced elsewhere, they simultaneously reduce the distinction between companies producing competing products in the same geographical area. Thus, while Vidalia onions can be distinguished from onions produced elsewhere, the commonality of the GI makes producers of Vidalia onions less differentiated. In other words, GIs have a tendency to promote primary demand for the entire class of products rather than secondary demand for a particular brand operating within that product class. To improve their ability to differentiate their products, companies have the incentive to define more narrowly the geographical region with which they are associated. To some extent, this has been accomplished by Napa Valley Vintners, who have created a distinction from California wines. Nevertheless, Napa Valley Vintners are still relatively undifferentiated from each other. Thus, company brands are often subordinate to the more dominant GI brand.

Second, the original developers of a GI identity cannot reserve all of the benefits associated with a GI (which they helped create) for themselves. Once a GI "brand" is successful, new entrants will enter the geographical area to take advantage of the brand equity residing in the GI. Any producer who produces potatoes in Idaho is capable of leveraging the brand; the brand is not restricted to a single producer or a group of producers who may have initiated and marketed it. This could lead to an increase in production in the GI area, reducing the scarcity and hence premiums related to the product. As a consequence, GIs do not necessarily protect against competition, given that other companies may enter the "market" so long as they are able to adhere to the regulations governing the GI collective.

Third, there could be a tendency to extend the boundaries of the original geographical area in which the identity was granted. For instance, pressure may exist to extend the Napa Valley or Vidalia regions beyond what is historically believed to be the Napa Valley or Vidalia region, respectively. Producers of grapes in the neighborhood of Napa Valley may want to be annexed to Napa Valley to benefit from the superior geographical identity. Technically, it may be very hard to draw a line and claim geography-based advantage in producing a particular quality product on one side of the line and not the other. However, limiting the region associated with a GI is the only way that producers will be able to minimize proliferation of producers and the consequent danger of dilution of brand equity associated with the GI. The lobster catch in Maine, for instance, is regulated by trap limits, size limits on lobsters, the return of egg-laden female lobsters, and barriers to entry that prevent the industry from growing too big (Maine Lobster Promotion Council n.d.).

Fourth, deployment of GI strategies can cause problems for existing businesses that have used GIs “generically” to market their products (e.g., Chinese Food, Italian dressing) and for multinational food companies that have used such names to signify a product class (e.g., Kraft *parmesan* cheese, Oscar Meyer *bologna*). Creation and enforcement of GI status in the European Union, for example, may force non-E.U. companies to remove references to these GI descriptors in marketing their products, undermining a key source of brand equity for these companies. In some cases, multinational food companies may have even registered those names in their countries.

Note that there are also instances in which companies may use geographical associations in brand positioning that are not registered as trademarks. Coors Brewing Company, for instance, claims that the icy-cold Rocky mountain water—that is naturally filtered over beds of sand and gravel—helps make the most refreshing beer. Similarly, starting in 1958, Rice-A-Roni featured San Francisco’s cable car in its print and television advertising and the now famous jingle “The San Francisco Treat!” thereby creating a close connection between San Francisco and Rice-A-Roni products. However, neither Coors nor Rice-A-Roni can prevent other companies from claiming the same advantage, given the lack of intended or unintended GI or trademark protection.

Along similar lines, the focus of this paper is to review a variety of trademark-related issues facing producers employing branding strategies that revolve around the use of GIs.

Companies can obtain rights to a trademark by demonstrating its use in commerce and/or by registering the mark. Protecting an entity's right to the continued exclusive use of such marks represents a rather complicated set of issues. Our intent is to review aspects of trademark law germane to a company's ability to (1) adopt GI-based trademarks as a means of gaining a competitive advantage and (2) protect the rights associated with such marks in order to sustain this source of competitive advantage. In terms of the former issue, we will discuss guidelines and strategies that can enhance a company's ability to establish GI-based trademarks, including issues to consider in selecting marks that are less susceptible to challenge in the marketplace (e.g., establishing that a mark is not simply *generic or descriptive* of the product class).

Regarding the latter issue, the paper will discuss issues that the courts have considered in terms of protecting a company's rights to a mark from *trademark infringement* over time, including (1) criteria used in determining whether an imitator brand creates a *likelihood of confusion* in terms of *source, sponsorship, and/or approval* for a GI-marked product; (2) factors that weigh in the court's decision to view a GI-based mark as *fanciful, arbitrary, and suggestive* (categories of marks that will receive protection) versus *descriptive and generic* (categories of marks that will not be accorded protection); and (3) what a company needs to do in order to demonstrate that a mark has acquired *secondary meaning* in the marketplace, a requirement for receiving trademark protection for marks bearing geographic descriptors. The paper will also outline issues that are relevant in establishing *trademark dilution*, in particular, dilution that occurs due to (1) *blurring* and (2) *tarnishment*.

Geographical Indications: A Historical Perspective

Country-of-Origin Designations

The concept of "geographical indications" comes from the concept of "country of origin" or a regional or subregional geographic origin. Over time, some locations, regions, or countries become synonymous with producing high-quality products. Producers from those locations can benefit from the "geographic origin" image, which is a set of generalized beliefs about specific products from that geographic origin on a set of attributes (Bilkey and Nes 1982). Consumers use geographic origin image as an extrinsic cue

for offerings for which they lack product-specific information. As a consequence, high quality may be attributed to an unknown brand of consumer electronics from Japan based on the high-quality image or reputation of Japanese consumer electronics. Products that have achieved a high degree of geographic origin image include German automobiles, Japanese automobiles, Japanese consumer electronics, French cosmetics and perfumes, and Swiss watches.

This strategy of building an image of quality for a class of products made in a certain area helps products from a country or region achieve consumer acceptance quickly and to also command premium pricing. The same idea has helped many food/beverage and other commoditized products such as German beers, French and Italian wines and cheeses, Swiss chocolates, Russian vodka, Chinese tea and silk, and Holland bulbs. Consumers buy various brands of these products as long as those brands originate in a country/region known for producing those products. Such geographical identifiers have not been treated as a brand but as an additional cue for consumers to judge products. The legal protection of such identifiers was not considered necessary because it is not possible to call vodka that is not produced in Russia “Russian” vodka. On the other hand, because firms from one country compete with those from other countries, it helps to build a positive geographic origin image. The following example shows how one country built this image.

Today, if you ask someone which country produces the best coffee, the answer is likely to be Colombia. However, in 1959, the answer was Brazil. Colombia received almost no mention then (although it produced about 12 percent of the world coffee, second only to Brazil). The Federación Nacional de Cafeteros of Columbia sought to brand Colombian coffee. It created awareness and emphasized the idea to “Buy Colombian when buying coffee” through the use of a character named Juan Valdez and his mule. The Valdez character explained the unique properties of Colombia’s location that enabled it to grow the best coffee in the world. Borrowing from branding strategies for manufactured products, the Federación sought to create a premium image. Consequently, it employed advertising that emphasized that its coffee is the “Richest coffee in the world.” The Federación also associated images of high income and high society with Colombian coffee by using statements such as “50 percent Tax Bracket, 100 percent Colombian coffee” and by suggesting “No Colombian, no thank you” in its consumer advertising. By the end of

1980s, unaided awareness reached 96 percent, and 62 percent believed Colombia grows the best coffee; moreover, people were willing to pay 15 percent more for the coffee.

Are there truly significant advantages to Colombian coffee? Consumers think that freshly roasted Colombian coffee has rich flavor, is heavy bodied, has a bright acidity, and is intensely aromatic. This advantage can, however, be copied by other countries producing the same variety of coffee. Coffee production in Vietnam is expected to surpass that of Colombia. Fortunately, for Colombia, Vietnam produces almost 100 percent Robusta beans and thus does not directly compete with Colombian beans. Even if producers from other parts of the world could reproduce coffee varieties made in Colombia, Colombian producers will have an advantage because of their established geographic origin image. They have a strong incentive to ensure that no one from any other country can use “Colombian” generically to describe coffee produced in another country. That is why they zealously protect the name all over the world by “certifying” the coffee produced in Colombia.

Geographical Indication Designations

GIs, also referred to as appellations of origin, are “indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin” (World Trade Organization n.d.). Obtaining the status of protected GI requires “a precise product specification which includes a definition and evidence of the link to the geographic area in which the product originates” (*The Journal* 2004). As an example, Newcastle Brown Ale is protected as a GI in the United Kingdom because it originates in the city of Newcastle-upon-Tyne and because its “unique recipe was developed to meet local tastes using yeast grown at the brewery and a unique salt/water mix” (*The Journal* 2004). In essence, special status is conferred upon generic terms that describe qualities and characteristics of goods based on their geographical origins. For instance, wines emanating from a particular region are granted the rights to use the GI defining that region while winemakers producing wines outside that region are prevented from doing so in the marketing of their goods.

On the one hand, GIs represent important intellectual property assets that convey important information concerning the (geographical) origins of a product; that is, a product originates in a certain place and therefore possesses a certain quality (Walker 2004). In

fact, many types of products command a premium price in the marketplace as a result of their geographic origins, for example, Jamaican Blue Mountain coffee. Failure to protect against the misuse of such indicators can have detrimental market effects for consumers and firms alike. Nonetheless, actions by the European Union to prohibit the use of terms granted GI status in the European Union threaten to undermine trademark rights for non-member companies. As examples, the European Union is seeking to prohibit the use of certain GI-related terms for food products (e.g., feta, gorgonzola, parmesan) and wine (e.g., burgundy, Chablis, champagne, port) by firms operating outside of the region embodied by the GI. As discussed in the next section, this prohibition has potentially important trademark implications.

Conceptual Underpinnings of Trademarks

A trademark is “any word, name, symbol or device, or any combination thereof adopted and used by a manufacturer to identify his goods and distinguish them from those manufactured by others” (*Eagle Snacks, Inc., v. Nabisco Brands, Inc.* 1985; Cohen 1991). Trademark rights historically have been granted based on “use in commerce” as signified by a demonstrated investment in marketing actions (e.g., advertising and distribution) associated with the use of such marks. Under the Trademark Revision Act, however, trademark protection can be gained prior to actual use in commerce if registrants display evidence of a “bona fide intention to use” the mark. Under the latter system, while trademark registrations are granted when actual usage of the mark in commerce occurs, rights to the mark are applied retroactively to the date at which the trademark application is filed (Cohen 1991).

At a fundamental level, trademarks answer the question, who are you? (*Eagle Snacks, Inc., v. Nabisco Brands, Inc.* 1985). As such, trademarks serve as a designation or identifier of a product’s source that lowers search costs for consumers in their decision making (Cohen 1991; Keller 2004). Thus, trademarks help to distinguish offerings in the marketplace (Howard, Kerin, and Gengler 2000). Trademarks also serve to protect the reputation and goodwill of businesses. Indeed, trademarks are increasingly being viewed as the most critical of intellectual-property-based assets, the value of which is reflected in the equity associated with the mark or brand (O’Connor 2004). In this way, trademarks can be used

strategically to help foster unique associations that become the basis for a brand's competitive advantage in the market (Howard, Kerin, and Gengler 2000; Keller 2004).

What follows is a discussion of several specific issues regarding trademarks as well as the implication of these issues in managing GIs as part of a marketing strategy.

Trademark Infringement and Trademark Dilution

Trademark infringement occurs when a trademark registered by one entity is used by another and such usage is "likely to cause confusion, or cause mistake, or to deceive" (Trademark Revision Act, §32 (1), 1982). Thus, infringement occurs when consumers believe that they are buying a product sold under one mark (the "senior" mark) when they are actually purchasing a product sold under a different mark (the "junior" mark). In other words, consumers experience confusion as to the "source, association, or sponsorship" of a given product (Lanham Act, 15 USC 1051). In response to these possibilities, trademark law serves to minimize such confusion by limiting the potential for a firm to pass off its products or services as another firm's (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985).

The set of factors courts consider relevant in making determinations as to infringement includes

- the similarity of the marks in terms of their respective sight, sound, and meaning;
- the similarity between the goods and/or services offered under the two marks;
- the similarity in marketing and advertising channels employed with respect to products/services offered under the two marks;
- evidence of examples in which actual confusion between the two marks has occurred in the marketplace;
- the strength of the senior mark such that the stronger this mark the greater the likelihood of confusion associated with the junior mark;
- the degree of care exercised by customers in their decision making for the product in question, with greater care associated with a lower likelihood of confusion; and
- the intent behind the adoption of the mark by the junior mark.

The standard in adjudicating such cases involves demonstrating that an "appreciable" number of consumers experience confusion between the two marks (Keller 2004). The term "appreciable" is not tantamount to "majority," with confusion being found in in-

stances where the percentage of consumers experiencing confusion was as low as 11 percent (Simonson 1994). The similarity between the marks in question (the initial criterion set forth earlier) is often given the greatest weight in making such judgments (*Armstrong Cork Co. v. World Carpets Inc.* 1979; *USA Network v. Gannet Co. Inc.* 1984). An integral aspect of gauging similarity is the overlap in meaning associated with two marks (Howard, Kerin, and Gengler 2000). Confusion based on this dimension of similarity can arise when one mark suggests the other or when two marks employ terms that are synonymous or otherwise create similar associations, for example, *Play-Do* and *Fundough* for modeling clay (*Kenner Parker Toys v. Rose Art Industries Inc.* 1992), thereby creating the impression that the two products emanate from the same source.

The Federal Trademark Dilution Act of 1995 (an amendment to the Lanham Act) prohibits using any mark that dilutes the distinctiveness of a senior famous mark or in some way reduces the value of the senior mark to its owner (O'Connor 2004). A mark is distinctive if the "public recognizes it as identifying the claimant's 'goods or services and distinguishing them from those of others'" (*A.J. Canfield Co. v. Honickman* 1986). Dilution is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of a famous mark and other parties; or (2) likelihood of confusion, mistake, or deception" (15 USC Ch. 22, §1127). In other words, dilution serves to erode the uniqueness or distinctiveness that the famous mark enjoyed prior to its use in marketing other, noncompetitive products.

The issue of dilution is in some respects distinct from infringement. A fundamental distinction is that, while infringement emphasizes consumers' viewpoints (i.e., whether they are likely to be confused as to the source of two goods or services), dilution focuses more on protection of rights of the owner(s) of a particular mark. Specifically, determinations of dilution concern whether the commercial value of a mark has been weakened by the actions of others even under conditions in which confusion between the marks is not likely. The criteria established by the courts in making determinations involving dilution include the distinctiveness and strength of the senior mark and the similarity of the marks with respect to pronunciation, context, and physical appearance (Cohen 1991). More precisely, the set of factors employed as criteria includes (15 USC Ch. 22 § 1125(c)1)

- the distinctiveness of the mark;
- the duration and extent of the use of the mark by its owner;
- the duration and extent and advertising of the mark;
- the size of the market in which the mark has been used;
- the channels of distribution;
- the extent to which the mark is associated with, respectively, the owner and alleged diluter; and
- the duration and extent of use of the mark by, respectively, the owner and alleged diluter of the mark.

Dilution occurs when a junior mark engages in certain actions that diminish the value or equity of the senior mark (O'Connor 2004). In essence, the junior mark attempts to enhance its image by appropriating one or more elements associated with the senior mark (Keller 2004). Such dilution can occur as a result of trademark blurring, which undermines the awareness or distinctiveness of a brand. Effectively, the associations or equity unique to one mark are blurred by usage of similar trademarks and/or trade dress by another mark, even when the latter mark relates to a product or service that does not share a significant degree of similarity to cause confusion (Cohen 1991). In an early case involving blurring, the use of the "Kodak" mark for photographic goods was protected against the use of "Kodak" by another entity for the marketing of bicycles, despite the absence of any confusion (15 Rep. Pat. Case 105, 1898).

Dilution can also arise through trademark tarnishment, which involves a reduction in the favorability of a brand's associations and image. In essence, the actions of one mark serve to mar or tarnish the positive associations or equity created with respect to the senior mark. As an example, Campbell's Soup, owners of the Godiva brand of chocolate, took action against Dogiva dog biscuits (*Cynthia Grey v. Campbell Soup Co.* 1986) for fear that the junior mark would undermine the favorability of the senior mark in the public's mind.

Through dilution by either blurring or tarnishment, the overriding concern is whether there is a reduction in the equity associated with the senior mark. It has been suggested that "confected" or "arbitrary" marks that possess greater uniqueness and are less descriptive in nature are more likely to be viewed as distinctive and famous than other marks. Furthermore, heightened emphasis on dilution can increase the likelihood of legal action

by senior marks vis-à-vis junior marks that are perceived as being similar in any sense by customers in the market (O'Connor 2004).

Implications for Geographic Indicators. Because they entail the use of multiple companies employing identical terms (i.e., the GI brand name) in the marketing of their goods, GIs would seem likely to engender confusion among offerings, thereby increasing the potential for trademark infringement. This overlap in marks created when a GI is used by different companies in a collective would be compounded by the similarity in the products offered by these firms, given that the use of GIs is often accompanied by a requirement concerning conformance to stringent product standards. Further, these companies are also likely to share similar approaches in the marketing and distribution of their products, given that these terms may be dictated by the collective overseeing use of the GI. Thus, GIs are likely to result in a number of the key criteria employed in determining whether infringement exists.

As an example, consider ethnic food that is identified with a country-of-origin. Any restaurant selling ethnic Chinese food is called a Chinese restaurant. Two restaurants using the same name are not, however, intending to create consumer confusion. Hence, such a use may be allowed even though the Italian government has hinted in the past that all "Italian" restaurants must get a certification of authenticity from the Italian government in order to serve Italian food. The problem can arise when a popular geographic designator is used generically by many but someone thinks of registering it as a trademark for their exclusive use. This is a serious disenfranchisement of possibly hundreds of local artisans or businesses that may be unaware of the possibility of losing their right to call their products by what they think is a generic name. One such example is "Bikaneri" Bhujia (a snack food in India), a product that has been produced by hundreds of small producers but which Pepsi Snacks tried to register for its exclusive use. In fact, TRIPS (trade-related aspects of intellectual property rights, an agreement established by the World Trade Organization) agrees that a firm may not enjoy the rights typically accorded GIs when another company has used a GI in a continuous manner, or for at least 10 years, prior to April 15, 1994 (TRIPS Agreement, Article 24, §5).

In commoditized products, it is sometimes difficult to ascertain geographic origin. For example, Persian carpets, which are world renowned, could be imitated by carpets

produced outside Persia. When there is a possibility to identify, producers may attempt to tarnish the senior brand. As noted earlier, tarnishment or dilution is most likely to occur when several companies employ terms such as GIs that are descriptive rather than distinctive in nature. A case in point is “Basmati” rice from India, which has been copied as “Texmati” rice from Texas and “Calmati” rice from California (the latter products are also referred to as “American Basmati”). Many popular food varieties can be produced at different locations than their traditional home locations. Darjeeling Tea, which is called “the champagne of tea,” has seen such dilution as well. Almost 40 million kg is sold as “Darjeeling Tea” when the actual production capacity is just 10 million. Most of this tea comes from Sri Lanka and Kenya. Although some of these “copycat” brands employ descriptors such as Lanka Darjeeling or Hamburg Darjeeling, typically, this tea is referred to as “Pure Darjeeling.” Japan, a largely orthodox tea growing area, has already discovered the chemical constituents present in the Darjeeling variety, but industry watchers say that this will not enable them to grow the true Darjeeling variety. In a similar vein, the name “Seattle Coffee” may have been chosen to benefit from goodwill created by “Starbucks Coffee,” another more popular outfit from Seattle!

Another case that may fall in the “dilution” category was brought to attention recently when Asda, a U.K. supermarket owned by Walmart, was taken to court in the United Kingdom by the Italian Parma Ham trade consortium, Consorzia del Prosciutto di Parma, which claimed dilution of the name Parma Ham because Asda bought Parma Ham in bulk and sliced and pre-packaged it in the United Kingdom. The suit alleged that the reputation of Parma Ham is not just based in where it is produced but how thin its slices are and the only genuine way to slice it is to make sure it is done in Parma. Asda can still use the Parma name when the meat is sliced on a delicatessen counter in front of the customers (BBC News 2003).

Although not an explicit example of violation of a GI brand, a possible method to confuse consumers into believing that the product comes from the preferred geographic area is to name the product something that conjures up the image of the preferred geographic origin even when the product does not originate in that geographic area. For example, German beers are popular worldwide. It would be very tempting for a non-German beer producer to adopt a German name and let consumers have the impression

that the beer originated in Germany. Another example is Häagen-Dazs ice cream. Despite its origins in Bronx, New York, the ice cream invokes a Danish image. Another approach that companies have taken in the past is to imitate U.S. origin by using red, white, and blue colors for packaging or advertising. Examples of other symbols abound too; for instance, companies have used Disney cartoon characters to associate their products with U.S. origin, even when they have not originated in the United States. The crest of Starbucks Coffee and its store ambiance, for instance, is often imitated by other coffee stores. The same may be true of U.S. brands that have imitated foreign names, images, symbols, and colors to associate their products with foreign countries of choice.

Trademark Genericness

In order to gain protection under existing trademark law, the primary significance of the mark for consumers should reflect the source or producer of the product rather than the product itself. In other words, trademark rights will not be accorded to marks that represent to consumers the generic term associated with the product class. Fanciful or arbitrary marks (e.g., Kodak, Camel) that are often the least suggestive or descriptive of the product offering receive the greatest protection under trademark law (Keller 2004). Such marks are typically designated as strong marks that are granted rights against all users because they bear “no logical or suggestive relation to the actual characteristics of the goods” (*A.J. Canfield Co. v. Honickman*).

Suggestive marks (e.g., Eveready) do not directly provide customers with a distinct meaning about the product and/or its characteristics but merely suggest so in an indirect manner (McCarthy 2002). In other words, some thought or imagination on the part of the consumer is required to “reach a conclusion as to the nature of the goods” (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985) or “to determine what the product is” (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002) (e.g., “Coppertone” in marketing sun tanning products). Such marks are inherently distinctive and thus protectable under trademark law even without proof of secondary meaning (as subsequently defined) (*J & J Snack Foods, Corp. v. The Earthgrains Co.*).

In contrast to suggestive marks, which simply suggest a good’s characteristics, a descriptive mark (e.g., Ivory) includes the use of descriptive or geographic terms that are associated with an offering and “immediately conveys knowledge of the ingredients,

qualities, or characteristics of the product” (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002). According to McCarthy (2002), a mark is descriptive “if it is descriptive of: the intended purpose function or use of the goods; the size of the goods, the class of users of the goods, a desirable characteristic of the goods, the nature of the goods, or the end effect upon the user.” Descriptive marks convey quite clearly the ingredients, qualities, characteristics, and so forth of the product with little or no imagination required. Examples of such markets would include the use of “Vision Center” in marketing optical lenses and “Alo” for products containing aloe vera. “In order for descriptive marks to gain trademark protection, secondary meaning must be established whereby consumers associate the mark primarily with its source (i.e., the company or brand that offers the product/service) (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985). In essence, then, secondary meaning converts what is typically considered a descriptive, non-distinctive term into a distinctive mark that primarily denotes the product’s source.

The basic distinction between suggestive and descriptive marks depends on “whether the term identifies a quality of the article or merely suggests the nature of the goods” (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002). Factors employed in determining whether a mark falls into the suggestive or descriptive category include (1) the level of thought or imagination required by consumers in reaching a conclusion about the nature of the offering; (2) the likelihood that companies offering competitive products/services will need to use the term(s) embodied in the mark as a means of describing their offerings; (3) the degree to which other competitors have employed the mark on similar products/services; (4) the probability that the mark will evoke other arbitrary associations other than those that it conveys about the nature of the product; and (5) the likelihood that consumers will view the mark as a symbol of the offering’s origins (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002).

The courts have also indicated determinants of the existence of secondary meaning. Some of the factors that go into such a determination include (1) the extent of sales and advertising that result in consumer associations of the mark as a source of the product/service; (2) the length of time the mark has been in use; (3) the extent to which the mark has been employed exclusively by a firm; (4) the use of the mark in trade journals; (5) the size of the company; (6) the amount of the company’s sales using the mark; (7)

the number of customers; and (8) evidence of actual confusion in the marketplace from customer surveys or testimony (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002).

Generic marks (e.g., aspirin) are terms whose “principal significance” or primary meaning reflects the terminology commonly used to describe the name of a product category or a class of products rather than the name of a particular offering within that category or class. A generic term describes a class or category of product in a way such that “there is no commonly used alternative that effectively communicates the same functional information” (*A.J. Canfield Co. v. Honickman* 1986). Thus, generic marks answer the question, what are you? rather than, who are you? (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985). Examples of such marks include the use of “chocolate fudge” in marketing chocolate-fudge flavored soda and “net bank” for internet banking services (*J & J Snack Foods, Corp. v. The Earthgrains Co.* 2002). Determining whether a term is generic is not made in an absolute sense but, rather, is contingent upon the product category involved. In this way, a particular term (e.g., ivory) may be generic relative to one product category (e.g., elephant tusks) but not generic with respect to a different category (e.g., soap). Generic terms cannot become trademarks and thus cannot receive trademark protection under any circumstances (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985). Rights are not provided to generic marks because they represent terms that are considered as residing in the public domain, and granting exclusive usage of such terms to one owner would preclude competitors from enjoying the right to call a product by its name (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.* 1985; *J & J Snack Foods Corp. v. The Earthgrains Co.* 2002). Thus, generic terms are not granted trademark rights because doing so would encourage monopolistic behavior insofar as the first user of the mark maintains sole usage of the right to call a product by its name (*Eagle Snacks, Inc. v. Nabisco Brands, Inc.*): “Clearly, one seller cannot appropriate a previously used generic name of a thing and claim exclusive rights in it as a ‘trademark’ for that thing (McCarthy 2002, §12:1).

However, marks that are not otherwise distinctive (e.g., descriptive or geographic terms) may gain trademark rights if they acquire secondary meaning in the marketplace (Keller 2004). Such meaning is acquired via evidence demonstrating that the mark has come to be known as a source or identifier of a good rather than its primary meaning as a descriptor of the offering.

Implications for Geographic Indicators. As noted earlier, the E.U. is seeking to prohibit the use of certain GI-related terms for food (e.g., feta, gorgonzola, parmesan) and wine (e.g., burgundy, Chablis, champagne, port) products by firms operating outside of the region embodied by the GI. Importantly, these GIs involve terms that are widely viewed as generic and which, therefore, should not receive protection under trademark law. Other generic uses include products such as Belgian waffles, Belgian-cut diamonds, Tiffany diamond-ring settings, and Venetian blinds. In some cases, there is a polite imitation, such as Chicago-style Pizza or a New Yorker. From the consumers' perspective, one outcome associated with granting exclusive use of indicators as GIs to E.U.-based firms is confusion.

Granting such protection to GIs could also result in harm to firms in non-E.U. member nations, which would be precluded from employing terms currently used to describe their products. Intangible costs to be borne by non-member firms would include the loss of trademark rights associated with terms long used in marketing U.S. products as well as a loss in the commercial magnetism or branding power/equity associated with the historical use of such terms (U.S. Patent and Trademark Office n.d.). More tangible costs include those associated with packaging and label redesign and those relating to the marketing and advertising needed to create awareness and knowledge of new terms used to market these products.

Some have argued that GIs reflect terminology that is in the public domain and thus should be made available for all sellers of related products to use in the marketing of their offerings: "descriptive geographical terms are in the 'public domain' in the sense that every seller should have the right to inform customers of the geographical origin of his goods ... These geographical terms should remain free for all sellers in that portion of the world to use descriptively with equal honesty" (McCarthy 2002, §14:1).

There are other potential problems associated with the use of GIs. First, obtaining protection for the use of GIs may be prohibited under certain circumstances. For instance, a firm may not enjoy the rights typically accorded GIs when the terminology associated with the GI is used to refer to the product in a generic sense (TRIPS Agreement, Article 24, §6). Additionally, basing a marketing strategy on geographical terminology can undermine a company's flexibility in moving its base of operations to take advantage of cost and materials advantages that lie elsewhere. As an example, production of Newcastle Brown Ale

may be shifted from Newcastle to Gateshead, a move that may result in the revocation of GI status for the mark.

Providing protection to GIs can undermine or eliminate the use of geographic terms in their generic sense in non-E.U. member countries and could also adversely impact the use of such terms for unrelated products, for example, the use of champagne to describe jewelry (Noncommercial Domain Name Holders Constituency n.d.). A critical perceptual issue is whether GI-terms are currently viewed by consumers as denoting or indicating the geographical origins of a product or simply as a term used to describe the nature or characteristics of the product (e.g., parmesan).

Conclusion

As the use of GI-based marketing strategies and trademarks increases, brand names involving GIs will become the most important asset for producers and their greatest source of competitive advantage in the marketplace. Accordingly, it is incumbent for agricultural firms electing to employ such strategies to have an appreciation of factors that pertain to the establishment and protection of GI-based marks in commerce. Such an understanding will provide these firms with the ability to leverage these marks as a source of sustainable competitive advantage into the future.

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