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GEOGRAPHICAL INDICATION AND PREVENTING UNFAIR COMPETITION IN WINE PROTECTION

Abstract

In light of the dynamic evolution of the international trade landscape, there is a growing imperative to enhance the control of product quality. As trade relationships expand within an increasingly competitive global environment, instances of product counterfeiting have surged. This, in turn, has eroded consumer trust in various products. In response to these global trends, it becomes essential to develop mechanisms that can both restore consumer confidence and ensure rigorous quality control in the market. One highly effective strategy for combating unfair competition is the implementation of geographical indication protection for products. Geographical indication defines a product's origin, quality, reputation, unique characteristics associated with its place of origin and the human elements involved in its production. When consumers choose products protected by geographical indications, they do so with confidence in the precise attributes of the product.

The primary objective of this paper is to highlight the benefits of geographical indication protection, with a specific focus on its relevance to the wine industry. Wine, as a product, derives a significant portion of its quality from its geographical origin, encompassing both historical and technical dimensions. Consequently, this study seeks to explore the role of geographical indication as a potent tool in countering unfair competition, using the wine sector as a prominent and illustrative case study.

1. Wine and Law – Introduction

In the contemporary international trade arena, wine serves as a symbolic emblem of national identity and economic influence for numerous nations. Georgia, distinguished by an unparalleled history of grape and wine production spanning almost eight thousand years, stands prominently in this regard. "It can be safely asserted that many grape varieties cultivated in Europe and Asia today have their origins in Georgia."¹ Noteworthy is the surging global popularity of Georgian "Kvevri" and "Kvevri Wine", emblematic of an active and enduring tradition. This tradition finds its articulation in Georgia's exclusive privilege to promote Georgian wine "in the EU countries with the motto - 'Georgia is the cradle of wine'."² This strategic approach has fortified Georgia's standing in the international wine market, underscored by its historical legacy and the continued vitality of its viticultural traditions. "There is a burgeoning scholarly interest in the history of Georgian winemaking and its contemporary challenges on a global scale. This is exemplified by individuals such as Patrick McGovern, a distinguished researcher affiliated with the University of Pennsylvania. His assertion of Georgia as the 'cradle of winemaking' is not only shedding light on the origins of winemaking but also influencing the global discourse on civilization."³ The meticulous branding and global distribution of this pivotal commodity within the agrarian economy necessitate special

¹ Kharaiashvili, E., *Competitive Diversification Base of Wine, Viticulture, and Winemaking in Georgia*, Tbilisi, 2017, p. 15

² Ibid

³ Ibid

consideration. This must be executed in a manner that not only champions the cultural and historical legacy of wine production in the contemporary world but also leverages its profound competitiveness. This achievement hinges on the preservation of the requisite quality standards and the establishment of an unwavering reputation. Among various determinants, the safeguarding of geographical indications stands as a paramount factor. In the contemporary economic landscape, intellectual property, particularly within the realm of industrial property, emerges as a foundational pillar. It is robustly represented across diverse echelons of the international trade market. The primary objective of this research is to delineate the challenges confronting the modern world with respect to issues of inequitable competition, particularly pertaining to product quality. This paper addresses the intricate aspects associated with geographical indications and designations of origin as mechanisms aimed at combating unfair competition. The efficacy of branding an agricultural product, notably in the context of wine, is profoundly influenced by its provenance—the very geographical identifier that, from a legal standpoint, assumes the role of an object under the purview of intellectual property protection, more specifically, industrial property protection. Examining the historical underpinnings of geographical indications, it becomes evident that their inception aimed to bolster and enhance production, consequently laying the groundwork for fostering a climate of robust and equitable competition. The misuse and unscrupulous exploitation of geographical indications not only imperil the integrity of a brand but also cast a shadow over the reputation of a nation within the broader context of the global trade arena. Consequently, the safeguarding of geographical indications has emerged as a pressing and paramount legal concern in the contemporary world. Furthermore, it is remarkable that Georgian jurisprudence grapples with a pronounced dearth of comprehensive scholarly exploration concerning geographical indications and appellations of origin, particularly within the realm of viticulture, warranting a more profound examination. This examination should encompass the identification of inherent deficiencies, whether they manifest as legislative lacunae or other extenuating circumstances, and the delineation of tangible obstacles in practice. The international trade landscape calls for concerted efforts to advance the effective and judicious protection of intellectual property rights, while simultaneously ensuring that the measures and procedures instituted for the enforcement of such rights do not inadvertently obstruct legitimate trade.

It is essential to acknowledge the substantial role played by users in the global dissemination of protected geographical indications. One must contemplate whether geographical indications and/or designations of origin serve as safeguards of wine authenticity, a deterrent against unfair competition, or if the protection of geographical indications in the contemporary wine industry represents a potent tool in the battle against counterfeiting. As is widely recognized, instances of counterfeiting and fraudulent use of Georgian geographical indications abroad are on a steady ascent, thereby casting aspersions on their reputation. Consequently, a more proactive engagement with protective mechanisms becomes imperative to combat this escalating trend.

These are intricate issues that have long been the subject of discourse, even within well-developed nations. Georgia, increasingly influenced by the dynamics of the modern international trade market, finds itself increasingly drawn into these discussions.

2. Geographical Indication as a Subject of Intellectual Property Protection

As previously alluded to in the introduction, a geographical indication constitutes an entity eligible for industrial, and by extension, intellectual property protection, serving as a distinctive marker that sets one



product apart from another.¹ In this regard, a geographical indication shares similarities with a trademark, albeit diverging in its primary function. Unlike a trademark, a geographical indication serves not to identify the producer of a product but, rather, to convey information regarding the product's geographical origin.² The World Trade Organization (WTO) provides a formal definition of geographical indications as place names (in some instances, words associated with a geographic location) employed to denote the origin, quality, reputation, or other distinctive attributes of a product.³

In establishing a precise understanding of geographical indications, it is imperative to underscore the significance of the 'designation of origin.' The designation of origin comprises the contemporary or historical nomenclature of a geographic region, area, or, in exceptional circumstances, a nation, employed to specify a particular commodity. In contrast, a geographical indication encompasses any name or symbol indicative of a geographic location, used for the same purpose as the designation of origin.⁴ Hence, it is conceivable to regard the name denoting the place of origin as a subset of geographical indication; the name of place of origin represents one of the variants within the spectrum of geographical indications.⁵ Despite the numerous interpretations of the concept of geographical indications within diverse international agreements and national legislations, its core essence remains unaltered. It can be succinctly encapsulated as follows: a geographical indication is the nomenclature of a geographic location employed to signify the distinct quality, characteristics, or reputation of a product. These attributes are intrinsic to the specific locale of production, the geographic milieu, or human influence.⁶

3. Geographical Indication Protection and Competitive Dynamics in the Georgian Wine Industry

The Food and Agriculture Organization of the United Nations (FAO) annually publishes data concerning global wine production. In 2016, Georgia's wine production accounted for 0.1 million tons, ranking the country 22nd in terms of volume, representing approximately 0.4 percent of the global market.⁷

The strategic focus of Georgian winemaking is oriented towards exports, supported by data from the National Statistics Office of Georgia, indicating that Georgia has been steadily emerging as one of the leading wine-exporting nations.⁸

While these developments enhance the reputation and standing of Georgian wine, there are concerning issues at play. Unfortunately, the Georgian wine market is flooded with low-quality, counterfeit, and at times hazardous products.⁹ This problem affects not only domestic consumers but also tarnishes the image of Georgian wine globally. According to experts and scholars, this issue largely stems from the neglect of marketing strategies in wine production and sales. Regrettably, this concern has not received the attention it deserves, as it has been somewhat overlooked as a subject of scientific inquiry. In contrast,

¹ Gabunia, M., Kvimsadze, M., Gabunia, E., Geographical Indications, Quality and Development. Origin Georgia, p. 9

² Ibid

³ https://www.wto.org/english/tratop_e/trips_e/gi_e.htm

⁴ Law of Georgia on Appellations of Origin and Geographical Indications of Goods, Article 3, Paragraphs 1,2

⁵ Gabunia, M., Kvimsadze, M., Gabunia, E., Geographical Indications, Quality and Development. Origin Georgia, p. 35

⁶ Gabunia, D., Geographical Indications – Tool for Competitiveness and Development, p. 2

⁷ Urotadze E. Consumer Marketing Research on the Georgian Wine Market, International Scientific Conference, Challenges of Globalization in Economy and Business Tbilisi 2017, p. 480

⁸ 10. http://geostat.ge/cms/site_images/_files/georgian/bop/FTrade__01_2017_GEO-with%20cover.pdf

⁹ Urotadze, E., Consumer Behavior in the Georgian Wine Market; <http://eprints.tsu.ge>

foreign researchers have been giving significant attention to this area, emphasizing the importance of understanding consumer perceptions and satisfaction in the development of the wine market.¹

The domestic market in Georgia reveals substantial gaps in the protection of geographical indications. Experts in relevant fields have identified numerous challenges in viticulture and winemaking, offering potential solutions. However, there remains a lack of comprehensive research on competition within the Georgian wine market, an incomplete assessment of factors inhibiting sector diversification, and an absence of developed alternatives and competitive industry development models.²

Studies evaluating the competitiveness of Georgian wine indicate that it holds a significant advantage in the global market compared to other products. The consistent growth in wine exports over the years is a testament to its competitive strength. An important contributing factor to this export growth was UNESCO's recognition in 2013, granting the ancient traditional method of producing "Kvevri" wine the status of Intangible Cultural Heritage.³

The interplay between product competitiveness and sectoral competitiveness is a pivotal aspect of consideration. Michael Porter, for instance, underscores the interrelation between the competitiveness of a sector and individual firms⁴, In the context of the agricultural sector, wine firms often derive their identity from the geographical designation within the wine sector.

Research conducted in Georgia, with a particular focus on the Kakheti region, has illuminated several key strengths of the winemaking industry, including fertile soils, favorable agro-climatic conditions conducive to grape cultivation, a diverse range of grape varieties, extensive land resources, distinctive winemaking techniques, diversification opportunities for wineries and processing enterprises, substantial export potential tied to local grape varieties, motivation stemming from historical, cultural, and traditional factors, a multitude of protected areas, cultural heritage sites, and recreational zones that promote agrotourism and wine tourism, and a relatively organized central infrastructure, among others.⁵

While a comprehensive SWOT analysis of this research is beyond the scope of this document, it is noteworthy that Porter's renowned "diamond" method research corroborates the sector's advantages. Notably, traditional wine production techniques stand out among these advantages. Specialized experts have articulated the competitive advantages of Georgian winemaking as follows:

- Favorable natural resource potential, especially within microzones
- unique diversity of endemic grape varieties
- Centuries-old history and traditions of wine production
- High-quality raw materials
- Local, distinct methods and technologies of winemaking
- A compelling product quality and price ratio, among other factors

¹ Chocarro, R., and Cortiñas, M. (2013). The impact of expert opinion in consumer perception of wines. *International Journal of Wine Business Research*, Vol. 25 No. 3, pp.227-248.;

Cunha, N., Loureiro, S., and Rego, A. (2015). Exploring the Attitudes of Bottled Wine Distributors toward Wine Producers in the Portuguese Wine Sector. *Journal of International Food and Agribusiness Marketing*, Vol.

² Kharaishvili, Ibid p. 20

³ Ibid p. 24

⁴ Porter, Michael L., *The Competitive Advantage of Nations*. The Free Press, New York, 1990

⁵ Kharaishvili, Ibid p. 25



Nevertheless, it is essential to acknowledge that the Georgian viticulture and winemaking sector exhibits limitations in product variety and collaboration opportunities, stemming from a lack of understanding among Georgian farmers about the concept of “market diversification.”¹ Diversification not only has the potential to bolster incomes but also provides a legal basis for safeguarding traditional methods and their dissemination—a crucial factor in terms of international competitiveness.

The current landscape of the global wine market features Italy, France, Spain, Australia, and Chile as the top five exporting countries, with wine turnover exceeding 113 billion dollars. Notably, the market share of French, Italian, and Spanish companies has dwindled over time, suggesting that, with effective branding, Georgian wine production could successfully penetrate global markets. Besides economic, geographical, technological, and marketing factors, the legal framework plays a pivotal role in product branding.

Research has indicated that competitive advantages are deeply rooted in national-cultural traditions, such as ancient wine-making and consumption practices and even the etiquette of wine consumption, which holds paramount importance in European wine culture. This highlights the opportunity for traditional Georgian winemaking to carve out its own niche in Europe, requiring substantial marketing endeavors, including geographic indication (GI) branding, backed by robust legal mechanisms for protection.

World market research has unveiled trends demonstrating a decline in wine exports from European countries by an average of 6.3%. In contrast, there are export growth trends in China (13%), the United States (29%), and Australia (11%). The Russian market primarily demands low-priced wines (80%), but recently, there has been an emerging trend toward “elite wines.”²

It is crucial to reiterate that the foreign market is an extension of the domestic market and serves as an international platform. This approach offers numerous advantages, foremost among them being the necessity for both domestic market competitiveness and the production of high-quality market products. In the wine industry, researchers emphasize five competitive factors, with the potential to attract foreign investments being particularly significant, contingent upon local market positioning and product quality.

When strategically positioning Georgian wine in the international market, one must consider the notably robust level of competition that takes on various forms within the global wine industry. The prevailing market conditions are characterized by the following key factors:

1. **Abundance of Competitors:** The market is saturated with numerous competitors, and these companies often exhibit comparable sizes and market influence.
2. **Low Industry Growth:** The wine industry is experiencing slow growth, presenting challenges for expansion and revenue generation.
3. **Barriers to Exit:** Exiting the wine industry can be arduous and complex, potentially deterring companies from leaving the sector.
4. **Market Leadership Competition:** Intense competition prevails among firms vying for market leadership positions, intensifying the drive for innovation and excellence.

¹ Kharaishvili, Ibid p. 29

² Kharaishvili, Ibid p. 46

5. **Diverse Approaches to Industry Development:** Companies within the industry adopt diverse strategies for development and competition. They possess a keen understanding of each other's market signals, fostering a dynamic and competitive landscape.¹

This concise exploration into the market dynamics serves to underline both the imperative and the complexity of combating counterfeit products in the international arena. Countering wine market falsification should be accorded a high-priority status for Georgia, an endeavor that is contingent upon the establishment of appropriate legal mechanisms. Among these mechanisms, geographical indication stands out as an efficacious tool for product branding and the deterrence of falsification. This approach necessitates dedicated legal provisions and robust protective measures.

Regarding products safeguarded by geographical indication, including Appellations of Origin, the oversight and maintenance of their registry fall under the purview of the National Intellectual Property Center of Georgia, known as Sakpatenti. Currently, Sakpatenti's records indicate the protection of several dozen geographical indications beyond the borders of Georgia, encompassing regions in Europe, Asia, and the United States of America. Notable among these are Ateni, Akhasheni, Tsinandali, Gurjaani, Kardenakhi, Kakheti (Kakhuri), Kotekhi, Khashmi's Saperavi, Kvareli, Manavi, Mukuzani, Napareuli, Kindzmarauli, Sviri, Teliani, Tibaani, Tvishi, Vazisubani, and Khvanchkara.²

It is also pertinent to note that, within the People's Republic of China, a nation with which Georgia maintains significant trade and economic relations, only two wine appellations of origin enjoy protection, specifically Tvishi and Mukuzani. On May 23, 2013, Sakpatenti submitted six applications for the registration of Georgian wine appellations of origin to the Chinese Trademark Office, encompassing Tvishi, Khvanchkara, Tsinandali, Kindzmarauli, Mukuzani, and Georgian chacha. Notably, the examination of the applications for Mukuzani and Tvishi proceeded without hindrance, culminating in their registration in January 2015. Conversely, the remaining four applications encountered rejection due to perceived similarities with previously registered marks. According to Sakpatenti, ownership rights over the disputed brands were claimed by two Chinese companies and one private individual. Subsequently, Sakpatenti initiated legal proceedings against these parties, prevailing in the case by February 6. It is anticipated that Khvanchkara will not face disputes, and upon the expiration of the three-month opposition period, it will automatically be registered under Georgia's name. Disputes concerning Tsinandali and Kindzmarauli have persisted since February 2014 and remain subjects of ongoing discussion.³

In summary, this comprehensive analysis underscores the evolving landscape of Georgia's wine industry within the global context. While the nation has made considerable progress in international wine exports, it confronts critical challenges such as the proliferation of counterfeit products and the imperative for strategic marketing. The protection of geographical indications emerges as a pivotal concern, given its potential to enhance the industry's global competitiveness.

The competitive advantages inherent in Georgian wine production, rooted in diverse grape varieties, rich winemaking traditions, and favorable natural resources, hold the promise of bolstering its global standing. However, the sector operates within a dynamic global wine market characterized by multifaceted

¹ Kharashvili, Ibid p. 61

² <https://www.sakpatenti.gov.ge/en/page/113/>

³ Georgian Wine's Uphill Battle for its Rights In China



dynamics, necessitating astute strategies for success.

Counteracting counterfeit products assumes paramount importance in this milieu, demanding the deployment of robust legal mechanisms, with geographical indication protection emerging as a potent instrument for branding and deterrence. Nevertheless, the industry's engagement with international markets, particularly in resolving disputes and securing recognition for Georgian appellations of origin, represents a pivotal determinant of its future global positioning.

Hence, Georgia's wine industry stands at a crucial juncture, where addressing these challenges, coupled with the strategic safeguarding of its unique geographical indications, is imperative for sustained success and prominence in the global wine landscape.

4. Detection of Unfair Competition and Its Prevention through Geographical Indication Protection of Products

The continuous evolution of the international trade platform is an undeniable reality, presenting new challenges on a daily basis to both stakeholders in this arena—namely, producers of goods or services and consumers. Georgia stands among the countries that undertook a rapid transition to a market-based economy in an exceptionally short period. This transition logically necessitated the swift establishment of a competitive environment tailored to the demands of the market economy. This process, in its initial stages, hinges upon the creation of legislation designed to foster the development of competition and the implementation of anti-monopoly mechanisms.¹

In the contemporary global landscape, free and fair market competition serves as the cornerstone of economic development and guarantees the autonomy of will in entrepreneurial endeavors.² This imperative led to the formulation of the “Law of Georgia on Competition” within our country. This legislation lays down the fundamental principles for safeguarding against unfair constraints on free and fair competition, which in turn underpins the growth of free trade and competitive market dynamics. The law defines actions that unjustly restrict free trade and competition, establishes the legal grounds for the prevention and suppression of such practices, and addresses violations of competition.³ These indicators emphasize the importance of safeguarding geographical indications as the most effective means, as of today, to ascertain product quality and counteract unfair competition. In the context of geographical indication protection, three key prerequisites must be considered during its establishment:

1. The product must possess distinctive qualities, reputation, or other defining characteristics.
2. The product must be associated with a precisely defined geographical region.
3. The product's qualities, reputation, or other defining characteristics must have a close nexus with the mentioned geographical region as outlined in the second paragraph.⁴

It is worth noting that the development of competition in Georgia holds significant relevance, particularly considering its status as a relatively nascent field within the country's legal landscape. Furthermore, it

¹ Gogiashvili, S., Petelava, S., *Competition and Antimonopoly Regulation*, Tbilisi, 2007, p. 9

² Competition Agency Activities 2014-2019: Powers and Reviewed Cases.

³ Law of Georgia On Competition, Article 1

⁴ Gabunia, M., Kvimsadze, M., Gabunia, E., *Geographical Indications, Quality and Development, Origin Georgia*, p. 10

proves intriguing to scrutinize the competition-related challenges encountered by Georgia’s neighboring countries, taking into account the scale of the market, particularly in relation to its northern neighbor.

4.1. Challenges in the Russian Alcohol Industry: Counterfeit Sales, Regulatory Issues, and Geographical Indication Protection

The primary challenge plaguing the alcohol industry in the Russian Federation is the alarmingly high prevalence of counterfeit alcohol sales. Counterfeit alcohol, available at markedly lower prices, thrives due to the strict regulation of legal markets, thus exerting a substantial influence on the dynamics of competition within the alcohol sector.¹ Compounding this issue is the presence of an “unregulated” excise policy within the member states of the Eurasian Economic Union (EAEU), where a unified agreement governs the rules. In this context, it becomes even more feasible to inundate the domestic market with fraudulent alcoholic beverages. Consequently, regional protectionism emerges as a prominent impediment to economic activity and the free movement of goods.² To safeguard the market, several measures have been introduced, including the imposition of restrictive regulations on beverage sales. These measures encompass the establishment of a wholesale trade institution, the implementation of additional certification labels accounting for the product’s place of origin, the introduction of specialized labeling for products, and the adjustment of prices based on the beverage’s region of origin. Furthermore, local entrepreneurs are encouraged to play an active role in this framework.³

Amidst these challenges, it is worth highlighting the intriguing issue of the reputation of Italian wine in the Russian Federation. The global interest in Italian wine is steadily increasing, including in Russia, where consumers associate the consumption of Italian wine with a desirable Italian lifestyle. Research indicates that the premium price of wine in Russia is influenced by the geographical indication protection afforded to Italian wine.⁴

Overall, the Russian alcohol industry grapples with multiple challenges, ranging from counterfeit sales to regulatory complexities. However, exploring the intersection of these challenges with the reputation of Italian wine and the legal dimensions of geographical indication protection adds depth to our understanding of this multifaceted issue. In light of these considerations, for a wine to benefit from geographical indication protection, it must meet specific prerequisites. Consequently, it is valuable to examine the legal disputes that have arisen or are ongoing concerning wine, the protection of its geographical indication, and the implications for competition. One notable example of such a dispute is the “Champagne case.”

4.2. The Geographical Indication Dispute: Champagne and Its Complex Legacy

One of the most contentious disputes in the realm of geographical indication protection revolves around Champagne, igniting a fierce battle between the European Union and the United States of America. At the heart of the matter lies the term “Method Champenois,” which intimately ties Champagne to its storied history and distinct geographic origins. However, beyond these historic and geographic factors, a protracted disagreement rages on between these global powers, revolving around control of the lucrative champagne market. This dispute is fundamentally rooted in the recognition of Champagne as a geographical

¹ Report on the State of Competition in the Russian Federation (Доклад о Состоянии Конкуренции в Российской Федерации), p. 609

² Ibid

³ Ibid, p. 610

⁴ Abbruzzo A., Chironi S., Crescimanno M., Galati A., Tinervia S., The premium price for Italian red wines in new world wine consuming countries: the case of Russian market, p. 3



indication, a concept primarily enshrined in the TRIPS ¹Agreements. In this impassioned dispute, the European Union takes a firm stance, contending that the label “Champagne” should exclusively apply to sparkling wine produced within the Champagne region of France. Conversely, the United States asserts that “Champagne” is a generic term encompassing sparkling wine as a general wine category, rather than a reference to a specific wine type.²

This dispute has spawned a vigorous debate concerning the geographical indication protection of Champagne. Champagne, as an elite and high-value beverage, embodies precisely what geographical indication legislation seeks to safeguard. French Champagne producers ardently strive to maintain the quality and integrity of their product. They argue that should the geographical indication for Champagne be revoked, the market could potentially be inundated with inferior sparkling wines, posing a significant threat to the reputation and quality of the beverage. This unwavering commitment to quality control forms the bedrock of Champagne’s designation of origin, transcending mere geographical origin. Champagne growers stand united in advocating for the protection of this geographical indication. They insist on regulating the geographical boundaries within which the “Champagne” appellation can be applied and advocate for stricter restrictions and prohibitions on products produced outside the region bearing the same name.³

Champagne, alongside other wines and spirits, enjoys unique conditions under the TRIPS Agreement. Over the past two centuries, Champagne has witnessed a surge in popularity among the middle class in both the United States of America and the United Kingdom. Consequently, the term “Champagne” has become a generic descriptor in these countries, referring to dry, sparkling, white, or rosé wine, irrespective of its place of origin. This development necessitated strenuous efforts by the “Champenois”⁴ to regain intellectual property status for Champagne.⁵

Debate persists as to whether the French Republic should exclusively retain the use of the term “Champagne.” The word traces its origins to the Latin “Campania,” signifying an open country.⁶ This Latin root also underlies the English term “campaign.”⁷ Campania represents a vast region in southern Italy, notably centered on Naples, where Greek settlers established vineyards as early as the 7th century BC.⁸ Champagne’s storied history has embedded the term deeply in the lexicon of wine, raising questions about whether France can truly claim a monopoly on its use. To draw a metaphor, once the champagne bubbles have dissipated, any efforts to reseal the bottle may prove futile. However, although this fact may elicit concern among Champagne residents, it may not necessarily spell economic detriment. In fact, it could potentially foster positive effects on their local economy.⁹

In summary, the Champagne dispute highlights the intricate balance between historical, legal, and

¹ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

² Jay T., Taylor M., A Case of Champagne: a Study of Geographical Indications, Legal Studies Research Paper Series N 18/19, 2018, p. 2

³ Ibid, p.3

⁴ Inhabitant of the Champagne region.

⁵ Jay T., Taylor M., A Case of Champagne: a Study of Geographical Indications, Legal Studies Research Paper Series N 18/19, 2018, p. 4

⁶ Jay T., Taylor M., A Case of Champagne: a Study of Geographical Indications, Legal Studies Research Paper Series N 18/19, 2018, cited: Ed McCarthy, The Unique Wines of Campania (29 May 2007) Wine Review Online

⁷ Ibid, cited <http://www.winereviewonline.com/mccarthy_on_campania.cfm>

⁸ Ibid

⁹ Jay T., Taylor M., A Case of Champagne: a Study of Geographical Indications, Legal Studies Research Paper Series N 18/19, 2018, p. 4

economic factors within the domain of geographical indication protection. The long-standing legacy of Champagne and its association with a distinctive wine type exemplify the complex dynamics at play in this contentious issue.

5. Conclusion: Geographical Indications for Legal Protection and Unfair Competition Prevention

Upon comprehensive consideration of the discussed aspects, it becomes evident that geographical indication qualifies as an intellectual property object warranting legal protection. The effectiveness of a Geographical Indication extends beyond mere adherence to “quality assurance rules.” Achieving its broader objectives necessitates strategic actions concerning resource utilization, socio-economic considerations, and the mobilization of additional resources, both domestic and international. These actions are contingent on specific regulations and the existence of legal mechanisms.

Profound and globally recognized geographical indications, which encompass the production’s technological cycle and the place of origin within the product’s nomenclature as a hallmark of quality, emerge from a multifaceted interplay of various factors. To safeguard geographical indications, it is prudent to categorize legal mechanisms into two primary groups:

- a. Local mechanisms encompassing domestic legal frameworks.
- b. International mechanisms rooted in international agreements.

The ultimate objective of legislating in this domain should extend beyond mere oversight of international trade markets. It should primarily revolve around preventing unfair competition not only in the global arena but also on the domestic national front. After scrutinizing the domestic wine market and drawing insights from international practices, key issues pertinent to the domestic wine market come to the forefront:

- a. Pervasive issues of counterfeit and substandard wine, characterized by alarmingly high levels.
- b. The relatively low market valuation of wine.
- c. Selective protectionism employed by wine producers, often described as “hidden subsidies.”

To effectively regulate the domestic wine market and deter unfair competition, several critical considerations should be taken into account, alongside other economic factors:

- a. Enhancement of the legal framework governing viticulture and winemaking.
- b. Diversification, not only of the market but also of the range of final wine products.
- c. Revision and potential revision of existing legislation to proactively combat unfair competition.
- d. Revisiting certification regulations to impose uniform requirements on all market participants.
- e. Implementation of legislative measures targeting the prevention of hidden subsidies, including the determination of acceptable limits for indirect subsidies.

In conclusion, the recognition of geographical indications as a distinct form of intellectual property underscores the intricate legal nuances inherent in their protection and underscores their pivotal role in the battle against unfair competition. To attain a comprehensive understanding of the concept of geographical indications and its profound significance, it is imperative to establish unified domestic and international legal frameworks. These frameworks should be designed with a primary emphasis on ensuring product quality, fostering diversity, and promoting equitable economic practices within the wine market.