



“MADE IN...” – HOW RELIABLE IS INFORMATION ABOUT ORIGIN?

The correct provision of information about origin has become considerably more important in European legislation and case law in recent years. Geographical information about origin includes the location of origin or production of a product, the location of the company headquarters, or the location where a service is provided. In the opinion of the ECJ, there is also a descriptive indication of a geographical origin if the target public connects a special appreciation or positive conception to the information, such as for the fashion label “Chiemsee”.

This information must be truthful and must not mislead consumers. Champagne must come from Champagne; otherwise, it may only be advertised with the “méthode champenoise” production method. In principle, therefore, Krakow sausages should be produced in Krakow, and goods with the label “Made in Germany” should have been produced in Germany.

According to EU law, information on the origin of food and agricultural products can be specially declared by two seals for “protected designations of origin” (blue-yellow seal) and “protected geographical information” (red-yellow seal). In the case of the seal for protected designations of origin, for example, the meat for Parma ham must only be processed in Parma. In the case of the stricter seal for the “protected designation of origin”, however, it is guaranteed

that all production steps have taken place in a certain area.

In addition, there are various agreements on geographical indications of origin between some European states that are intended to ensure that violations in the contracting states can be directly prosecuted. The German-French agreement came into force in 1961. In the following years, similar agreements were concluded with Italy, Greece, Switzerland and Spain. The German-Austrian agreement has been negotiated, but has not yet come into force.

“MADE IN AUSTRIA”

In the past, Austrian case law had to deal with “designations of origin” both from a competition law and from a criminal and trademark perspective. In March of this year, for example, there were house searches at a company in Austria because it was suspected that protective FFP2 masks manufactured in China had been relabelled and sold as “Made in Austria”.

The specification of the country of manufacture or the place of manufacture is not mandatory under law in Austria. The Austrian legal system does not contain any specific rules for the use of designations of origin such as “Made in Austria”. However, a violation of the UWG (law against unfair competition) is conceivable, which can lead to injunctive relief and claims for damages, among other things. If the



misleading party acts with intent, this can also be relevant under criminal law.

It can be derived from these rulings that special caution is required not only when using explicit indications of origin (such as “Made in”). A false presentation can also be created by the use of foreign languages, country colours or flags. The degree of processing depth in Austria is decisive for the permissibility of labelling products as “Made in Austria”. Accordingly, simple packaging processes or the affixing of labels alone are not suitable for designating a product as “Made in Austria”. If a product contains the statement “Made in Austria”, market participants can therefore assume that this was actually produced in Austria.

In the case of trademark law matters, the courts usually have to assess whether a mark can be understood as geographical information and is therefore excluded from registration as a trademark. This is affirmed by the highest court if the geographical information is known to the participating public and can be considered as an indication of origin in business transactions, because the participating public establishes a connection between the place or the area and the designated product and obviously assumes that the product is closely connected to it. Consequently, a local or area designation is excluded from trademark protection if the relevant public can see in it, for example, a reference to a possible place of manufacture of the goods or to the place of origin of the raw materials of the goods.

With the justification that the wording “KITZ” awakens the impression among the target public (tourism industry, specialist trade) that the goods (in particular garments, headgear, etc.) could be associated with the region/city of Kitzbühel, the registration of the word marks “kitzCappis” and “kitzBeanies” as well as

“KITZ” was rejected (Vienna Upper Provincial Court, 33R73/20b).

MADE IN CHINA

In China, the geographical indication (GI) protects products originating from a particular territory with a geographical name and whose quality, reputation or other characteristics depend on the natural and human factors of the location of origin. They include products that come from this region and are produced and processed in this region according to specific techniques and with raw materials that come entirely or partially from this region. In addition, the geographical designation of origin can be entered as a collective or certification mark, e.g. the name of the region to which the geographical mark refers, or other visible characters that can identify the product as originating from the specified region.

On 01.03.2021, a bilateral agreement on the protection of geographical information (GI) between the European Union (EU) and China came into force. The agreement serves to identify the geographical origin of a product and marks an important type of intellectual property right. According to the agreement, 100 protected designations of origin were included in the list for spirits, tea, food and agricultural products on the date of signing by the EU and China.

MADE IN FRANCE

“Made in France”, “Fabrication française”, “Fabriqué en France”, etc. are showing renewed interest from producers and manufacturers in the competition to distinguish their products from those of competitors.

In France, there is no legal or regulatory obligation to mark the origin of products, with the exception of a few products such as agricultural products and food. For all other



products, the original marking is therefore optional and voluntary. It is carried out under the sole responsibility of the manufacturer or importer.

For non-food products, companies are asked to refer to the European regulations on non-preferential customs origin to determine the “nationality” of that product. If several countries are involved in the manufacture, the product has its origin in the country of the last significant (1), economically justified (2) conversion that led to the manufacture of a new product or that corresponds to a significant manufacturing stage (3).

The controls are carried out by the economic administration (DGCCRF) and customs administration (DGDDI).

In addition to criminal sanctions, the erroneous use of a term such as “Made in France” can have serious civil law consequences if a competitor submits an action on this basis due to unfair competition.

In fact, last year, the Court of Appeal admitted for the first time that the damage caused by a misleading practice can be compensated by taking into account not the lost profit or the losses of the disadvantaged competitor, but the savings of the unfair competitor (Cass. com. 12 fév. 2020, n°17-31614).

For example, a French crystal factory accused a competitor of advertising crystal products as “Made in France” in its catalogues, although some of these were manufactured in China. Convicted of unfair competition through misleading business practices, the aforementioned competitor was ordered to pay compensation that was calculated taking into account the impermissible competitive advantage and the savings wrongly achieved (in relation to its personnel costs). The Supreme Court of Cassation approves the argumentation

of the first judges, which deviates from the traditional analysis in matters of unfair competition. This consists of valuing the recoverable loss based on lost profit, decline in sales, decline in turnover, decline in orders, margin loss, loss in value, etc.

“MADE IN GERMANY”

The protection of geographical indications of origin according to national German law has been incorporated into trademark law since 1 January 1995 (Sections 126 et seqq. MarkenG) and can be applied to all types of geographical information of origin. In addition to the trademarks and the business designations, the geographical indications of origin are also included under the generic term of the trademark. Nevertheless, this is not an individual right such as the right to a registered trademark, but is basically designed as protection under competition law. The claims under competition law are also applicable (Sections 3, 5 Para. 1 Sentence 2 No. 1, Para. 2 UWG). The definition of geographical origin is essentially the same as that used in Europe. The decisive factor is that the consumers addressed are not misled by the information.

The so-called generic designations are not covered by the protection of geographical indications of origin. The name of a product that refers to the place of manufacture or the area, but which is currently only understood as a quality specification for the product, is deemed to be the generic designation. Since 1990, the term “Pilsener” or “Pils” has therefore been seen as a purely generic designation. Even in the case of the Black Forest Cherry Cake, it is currently only disputed whether it contains a certain content of cherry water.

Special features also apply in food law and pharmaceutical law.

In the event of incorrect or misleading information, both competing companies as well



as Centres for Protection against Unfair Competitions and authorised associations against unfair practices may assert claims for injunctive relief, information and compensation.

The German courts apply a strict standard of assessment. According to the case law, the slogan “Made in Germany” may only be used if the product has been manufactured by a German company in the Federal Republic of Germany. However, it does not have to have been produced from draft to final completion in Germany. The decisive factor is that the essential components and the determining characteristics of the goods, which in the eyes of the public make up their value, are based on a German service (cf. Hamm Higher Regional Court, ref.: I-4 U 95/12, Higher Regional Court of Düsseldorf with its ruling dated 05.04.2011, ref.: I-20 U. 110/10).

The Federal Court of Justice (BGH) confirmed the strict case law practice in 2016 with its “Himalayan salt” ruling. According to this, a supplier may not advertise with the statement “Salt from the Himalayas region” if the salt actually comes from the Pakistani province of Punjab 200 kilometres away. Since then, the salt offered in retail has generally been called “from Pakistan”.

In December 2019, the BGH decided that the designation “Culatello di Parma” represents an impermissible allusion to the protected designation of origin “Prosciutto di Parma” and may therefore not be used as a geographical indication of origin in this form, provided the manufacturing location is not Parma. The attempt made in 2011 to circumvent the legal requirements by establishing a city with the name “Parma” in China would also fail according to German law, provided that the “Parma ham” produced in China does not have the same quality (Section 127 Para. 2 MarkenG).

Another fascinating case comes from Munich. Here, the Centre for Protection against Unfair Competition has filed an action for injunctive relief against a company located on the Reeperbahn in Hamburg, which distributes canned beer, due to the use of the beer label “REEPER B.”. In addition, the label listed in small letters the advertising terms “HAMBURG” and “ST. PAULI” as a reference to the sales location on the Reeperbahn and the predominant attitude to life there. However, the reference to the brewery town in Mönchengladbach is prominently printed on the back of the can. In the opinion of the Plaintiff, the impression is created that the beer originates from Hamburg, or the brewing village is located on the Reeperbahn, although it is actually brewed and filled in Mönchengladbach. Among other things, the questions are disputed as to whether the reference to the brewing town is sufficient, whether the artisan craft beer culture can still be referred to as a Hamburg brewing tradition, and how the term “REEPER B.” is understood by the consumers. The relocation of the production site has also been the subject of proceedings against the breweries Warsteiner and Oettinger in recent years.

In the course of the proceedings, it has accidentally become known that the appellant is the fourth largest beer group with its headquarters in Denmark. It is particularly controversial that the appellant itself also sells or sold beers such as “Brooklyn Lager” and “Lüneburger Pilsener”, although these beers are brewed and filled in its brewery in Lübz. It also advertises its ASTRA canned beer with the slogan “Brewed with love in the heart of Hamburg”, although the canning system is located at the city boundary to Lower Saxony. The Centre for Protection against Unfair Competition is therefore accused of giving, in contravention of the law, preference to its member company - the internationally active



beer group - which itself operates with “unclean hands”.

“MADE IN HUNGARY”

For the Hungarian economy, agriculture and the food industry are particularly important. Internationally recognised names such as Szeged Paprika, Tokaji Wine or Egri Bikavér not only shape the image of the country of origin, but also uphold the quality requirements of the products. They also offer considerable added value through protection in the form of collective rights.

The information on the geographical origin of the product used in the trade in the form of characters and labels can offer protection in the sense of a geographical indication of origin.

In Hungary, the protection of geographical information consists of three systems that exist side by side and can complement each other or exclude one another:

1. national protection
2. joint protection and
3. international protection.

The case law in Hungary is primarily based on EU decisions; therefore, there are only a small number of Hungarian court decisions in this regard.

In the court order no. 2004.480, it was determined that the use of an original designation is available to anyone who offers a hospitality sector service in a certain geographical area, for whose designation the geographical indication of origin is used.

However, when using a geographical name, it must be taken into account that in certain word combinations, due to the risk of confusion, the legitimate interests of other competitors can be impaired and thus run counter to the requirements of business integrity.

“MADE IN POLAND”

In Poland, there are only a few decisions regarding designations of origin. This results from the fact that the European Commission has registered a total of 44 product details from Poland either as designations of origin (10), geographical information (24) or guaranteed traditional specialties (10). The information from the Polish Patent Office shows that in 2019, only a single geographical indication of origin was submitted for registration.

There is a more comprehensive case law on the subject of the ability to register a trademark with an designation of origin. Manufacturers are increasingly trying to register names of origin as a brand. In the past, however, a trademark registration of the indication of origin was significantly more liberal. The decision of the ECJ in the legal matter “Windsurfing Chiemsee” brought about a turnaround. Since then, it has been much more difficult to make such an entry in Poland. The disputes regarding the ability to register designations of origin as trademarks generally refer to: the aspects of the primary distinctiveness or the secondary distinctiveness of the brand;

- the consent of the competent authority to use the designation (for example, to use the names or symbols of the respective city or region);
- the establishment of the conditions for the registration of a designation with indications of origin as a trademark.

In an interesting decision of the Administrative Court of Warsaw of the Voivodeship (ref. VI SA/Wa 333/05), for example, the court maintained the decision of the Patent Office to reject the application for the registration of a trademark with the designation “Kashubian” [Kaszubski]. In the opinion of the court, the designation “Kashubian” in ordinary business transactions is not sufficiently distinguishable



and is only considered as information where the goods concerned are manufactured.

In addition, the term “Kashubian” refers to a large region in the north of Poland, and the registration of a trademark with this designation in favour of a company would disadvantage the activity of other local companies that could not use this designation.

“MADE IN ROMANIA”

In Romania, the corresponding designation concerning agricultural products and food must first be observed on the topic of designations of origin. In accordance with Romanian and European regulations and case law, the consumer must be given clear and unambiguously formulated information about the origin of the product. According to the applicable case law, an averagely informed, appropriately attentive and reasonable average consumer must be taken as a basis.

The designation or indication of origin means the name of an area, a specific place or, in exceptional cases, a country used to designate an agricultural product or a food

- that comes from this area, this specific place or this specific country and
- that primarily or exclusively owes its quality or characteristics to the geographical circumstances, including natural and human influences, and
- that was generated, processed and produced in the defined geographical area.

The competent authority in Romania for the allocation and review of the documentation for the registration and receipt of the protection for a designation or indication of origin or the geographical information for agricultural products and food is the Ministry of Agriculture and Rural Development.

Registered names in the aforementioned sense are protected against:

- any unlawful appropriation, imitation or allusion, even if the actual origin of the product is specified or if the protected name is used in translation or together with expressions such as “kind”, “type”, “procedure”, “style”, “imitation” or the like;
- all other false or misleading information relating to the origin, nature or essential properties of the products and appear on the presentation or outer packaging, in the advertising or in documents relating to the products concerned, as well as the use of containers that are intended to give a false impression with regard to the origin.

Irrespective of the above statements regarding agricultural products and food, it must be noted that all products sold in Romania must have information regarding the manufacturer, i.e. name, complete address, as well as origin and the corresponding information of the distributor/importer.

Furthermore, the general customs regulations regarding the determination of the origin or source of produced goods must be observed in Romania.

The distribution of products that contain the designations of origin or geographical information that do not correspond to the actual place of origin and are thus intended to deceive the consumer will be punished with a fine or imprisonment of up to three years.

“MADE IN SPAIN”

In Spain, the protection of designations of origin (DOP) and protected geographical information (IGP) is currently granted by EU law, namely by various regulations, depending on the type of product to which the designation of origin or geographical information relates.



At the national level, regulations regarding DOP and IGP are mainly found in the regional legislation, since the responsibility lies with the autonomous communities, unless the DOP or IGP have a broader territorial scope. In this case, a national law is applicable.

Unfair competition as a supplementary protective mechanism

The European legislation determines the scope of the protection of the DOP, but does not specify any specific procedural mechanisms and thus leaves the national legislators room to manoeuvre.

In Spain, this protection is guaranteed by unfair competition legislation, which plays a supplementary role in this area. It is therefore possible that one and the same conduct constitutes a violation of the protection of protected designations of origin granted in the European Regulation and at the same time includes one of the competition violations typical in the Unfair Competition Act (LCD).

Concept of “allusion”

Relevant judgments have also been issued in Spain on the term “allusion”. European case law understands this to mean a case designation in which “the expression used to designate a product includes a part of a protected designation [...], so that the consumer is prompted by the name of the product to mentally establish a reference to the goods that bears the designation”.

According to Spanish case law, there is an “allusion” if the definition of the European regulations is fulfilled, even if the labelling on the product indicates the origin and type of the actual product. Likewise, an “allusion” can be made by using symbols that remind the consumer of the geographical location associated with the DOP.

An example of this is the case of “Manchego cheese” and concerns a dispute settled in 2019 between the supervisory authority and a company that marketed cheese with labels, on which a knight similar to Don Quixote and the name “Quesos Rocinante” could be seen. These elements are linked to the La Mancha region and the Roman Don Quixote de La Mancha. However, these types of cheese do not fall under the DOP “Queso Manchego”. The Spanish Supreme Court of Justice submitted a question to the ECJ regarding the preliminary ruling, which decided that the use of symbols that are reminiscent of a geographical area associated with a DOP can represent an “allusion” to this DOP. The company was therefore ordered to cease using these elements.

“MADE IN TURKEY”

Turkish case law primarily deals with designations of origin in terms of competition law. Pursuant to Section 19 of the Turkish Customs Act, a country may be designated as the country of origin for an item that is manufactured in more than one country if a new item has been manufactured in this country, or a significant production process has been carried out in this country which has been carried out in economic terms as the last necessary work process in specially intended operations. In these supreme court rulings, the main question is whether the information about the designation of origin of products was feigned in order to avoid customs fees and taxes.

In the assessment of whether an essential production process has actually taken place in the declared country of origin, the Turkish courts assume deceit about the country of origin, if only 10% of the components of the item originate from the declared country of origin, and 90% were imported from another country, i.e. 10% are packaging materials and



screws, etc., and all other components were only assembled in the declared country of origin.

A deception about the country of origin is also assumed if only quality controls, labelling and packaging of the item were carried out in the declared country of origin, and the factory price of the item is composed in such a way that more than 80% of the factory price consists of the purchasing costs for components from another country.

CONTACT

Austria:

Elisabeth Forstner
E.Forstner@scwp.com

Rupert Kreuml
R.Kreuml@scwp.com

China:

Marcel Brinkmann
Marcel.Brinkmann@schindhelm.com

France:

Maurice Hartmann
Maurice.Hartmann@schindhelm.com

Germany:

Rüdiger Erfurt
Ruediger.Erfurt@schindhelm.com

Viola Rust-Sorge
Viola.Rust-Sorge@schindhelm.com

Hungary:

Beatrix Fakó
B.Fako@scwp.hu

Poland:

Anna Materla
Anna.Materla@sdzlegal.pl

Romania:

Helge Schirkonyer
Helge.Schirkonyer@schindhelm.com

Spain:

Axel Roth
A.Roth@schindhelm.com
Carla Moyano
C.Moyano@schindhelm.com

Turkey:

Senem Güclüer
Senem.Gucluer@schindhelm.com

Publisher, media owner, editorial office:

Schindhelm Rechtsanwaltskanzlei mbH | 49078 Osnabrück, Lotter Straße 43 | Tel.: +49 541 3245-0 | osnabrueck@schindhelm.com | Commercial Register: Local Court Osnabrück HRB 18976
Schindhelm Rechtsanwaltskanzlei mbH | 30159 Hannover, Aegidienorplatz 2 B | Tel.: +49 511 53460-0 | hannover@schindhelm.com | Commercial Register: Local Court Hannover HRB 207312
Schmidt Rogge Thoma Rechtsanwälte Partnerschaftsgesellschaft mbB | 40479 Düsseldorf, Jägerhofstraße 29 | duesseldorf@schindhelm.com | Commercial Register: Local Court Essen PR 2367
The three companies are members of SCWP Schindhelm Services SE, Alliance of European Commercial Law Firms. All information is subject to correction in spite of careful processing and cannot replace individual advice in individual cases. The liability of the authors or the publisher is excluded.
