

## APPELLATIONS OF GEOGRAPHICAL ORIGIN AS A GENERATOR OF NATIONAL COMPETITIVENESS

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### Summary

*The protection of appellations of geographical origin worldwide, through the Lisbon Agreement mainly refers to agricultural and food products and the leading countries in the number of registrations of appellations of origin are: France, Czech Republic, Bulgaria, Italy etc. By the product structure 85% of registrations of appellations of origin in the world refer to the four major categories of food products such as: wine (61.5%), spirits (9.5%), agricultural products (8.4%) and cheese (8.5%). Considering that the protection of appellations of geographical origin in Serbia is mainly related to agricultural and food products, and the fact that we have 52 domestic and only 3 internationally protected appellations of origin, these could be used as a powerful tool to support the growth of competitiveness in agriculture of certain regions as well as of the entire country. Appellations of geographical origin have a collective ownership and represent a kind of national resource.*

**Key words:** *appellations of geographical origin, appellations of origin, intellectual property, competitiveness, agricultural products*

### Introduction

Products that bear the appellations of geographical origin, the protected products enjoy certain competitive advantage compared to the same kind of anonymous products. Thus, the reputation gained thanks to the natural conditions and the skills of people of a particular region, contribute to an increased demand for these products, and have a strong economic impact. Therefore, the protected appellations become a significant competitive tool between the products of the same or similar types and encourage market competition

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between the different manufacturers of the same type of product.

At the time of economic globalization the tradition and proven values are gaining more and more importance. Therefore, when promoting the quality of a particular product in the market it is insisted on specific natural factors or a traditional production method which has been used in the area from which the product originates and which together give a special, specific quality to that product. A product bearing appellation of geographical origin acquires significantly greater reputation in the international market, and also achieves a higher price than an anonymous product. In Serbia there are many unprotected nationally recognizable products that should be protected in the near future such as: Ivanjica potato, Valjevo raspberry, kajmak from Zlatibor, Pester Lamb and others.

Appellations of geographical origin as an integral part of intellectual property rights could become the main promoters of the Serbian economy and the country's expression of identity because the notion of quality of products is directly transmitted to the country's reputation. Export promotion with an emphasis on non-price forms of competition, such as constant quality of the product, health safety of the product, visual identity of the product, collective trademarks and appellations of geographical origin are the imperatives of modern business.

### **Data sources and methods**

The scientific justification of this paper is reflected in the fact that the field of protection of appellations of geographical origin in function of competitiveness of the national economy, is insufficiently or very little studied in our economic theory. This research offers a very objective presentation of the situation because the entire analytics is based on the actual data from the public registries of the Intellectual Property Office of the Republic of Serbia and the World Intellectual Property Organization (WIPO).

From general scientific methods for processing quantitative data we used statistical method. Given that this research deals with phenomena from the sphere of social sciences and in order to explain certain facts, trends and to check certain positions we used the quantitative and qualitative statistical methods to establish a connection and to determine the importance of the protection of appellations of geographical origin for the growth and development of the economy as a whole.

From the special scientific methods we used the method of analysis and synthesis for the comparison of development of the national competitiveness by the subject of appellations of geographical origin protection and geographical coordinates (Serbia and the member countries of the Lisbon Agreement for the Protection of Appellations of Origin) in the period from 1958 to 2014. The most frequent forms of analysis in this paper are: structural, functional, genetic and comparative analysis.

This paper does not deal with the analysis and proposal for improvement of laws and legal regulations in the field of intellectual property, although they have been kept in mind throughout the paper. The protection of appellations of geographical origin in Serbia is an area of law which is harmonized to a very large extent with the European Union

and the TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights). Due to the fact that the laws in this area are relatively recent, today we can talk about the work related to continuation of harmonization. The problem of our economy is the low level of protection of domestic and especially international appellations of geographical origin, and consequently the lack of awareness and willingness of economic entities to implement and enforce the law from this field.

### **The subject of protection and economic importance**

Legal protection for appellations of geographical origin shows the interdependence between specific qualitative characteristics of the product or services and production areas (climate, soil composition, water, etc.). Agricultural products are conditioned by the qualities that originate from the place of production and are most influenced by local factors such as climate, soil composition, water and others. This indicates that the subject of protection cannot be an appellation of geographical origin which has no relation to the actual place of origin of goods.

While trademarks refer to a company that sells one particular product on the market, the appellations of geographical origin point to a geographical area whose reputation, quality or similar characteristics are attributable to that particular place of origin. Regardless of difference in the subject of protection, appellations of geographical origin are similar to trademarks by its effect and power, and can be used to support regional and national economic development, and also as part of the marketing strategy of the economy for the promotion of its products.

The subject of protection is the appellation of geographical origin, actually the appellation (name) of a certain geographical area. The geographical area may be a settlement, mountain, forest, highland, island, region, but also the entire country. Examples of this are numerous, appellation "Champagne" in France is registered for the sparkling wine produced in the French province bearing the same name, appellation "Cognac" in France is registered for the type of brandy that is produced in the homonymous town and its surroundings, appellation "Roquefort" is registered in France for the type of cheese that is produced in the homonymous town and its surroundings, appellation "Tequilla" is registered in Mexico for the type of cactus brandy that is produced in the homonymous town and its surroundings (Markovic, 2000).

Protection of a product by an appellations of geographical origin makes sense only if it prevents such product from becoming a generic or commonly known name of the product on the market and if prevents use by the unauthorized users.

In the European Union, the total annual turnover in trade of products with protected geographical origin is about 40 billion Euros. Some countries within the European Union in recent years significantly lead in trade of these products. France reached a turnover of around 19 billion Euros in over 138,000 enterprises engaged in the production and trade of these products. Almost 84%, or 16 billion Euros of total turnover is generated from the sale of wine and other spirits, 85% of the total quantity of wine that is exported from

France, bears the protected geographical origin. The rest of the total turnover of exports of products with protected geographical origin, 16% or EUR 3 billion is generated from other food products. Italy achieves a turnover of 12 billion Euros from the sale of products with protected geographical origin, and Spain almost 3.5 billion (Savić, Đurić, 2010).

The economic importance of appellations of geographical origin is multiple:

- They are used as part of the marketing strategy for the promotion of products of the country or region.

An example of the success of appellations of geographical origin is the history of Italian cheese Parmigiano Reggiano, which is protected as an appellation of origin since 1969 under the Lisbon Agreement managed by WIPO. Consorzio del Formaggio Parmigiano Reggiano since its establishment in 1934 represented the interests of its members, and is made up of about 400 dairies and 3,500 individual vendors. Farms and dairies that produce Parmigiano Reggiano are located in five provinces, as follows: Parma, Reggio Emilia, Modena, Bologna and Mantova. Locally produced fodder and climate of these areas are the most important factors that give to Parmigiano Reggiano its own distinctive and unique taste. The best indicator of the global market success of this cheese is the turnover amounted to 1.5 billion Euros in 2007, of which 16% represents exports. Almost 3 million wheels of Parmigiano Reggiano cheese is produced every year. In the export structure of the Consortium, the largest part represents vacuum - packed cheese (62.9%), followed by the whole cheeses (18.7%), grated cheese (15.3%) and cubes of cheese (3%). Also known as the “king of cheese” Parmigiano Reggiano and its creators have gained a worldwide reputation for the quality that has become a symbol of northern Italy ([www.wipo.int](http://www.wipo.int)).

- Consumers sometimes value regional specialties more.

This statement is especially true for gourmet food products, so consumers are willing to pay a higher price. For example: Olive oil protected by appellation of origin “Riviera Ligure” is being sold 30% more expensive than an anonymous olive oil. Free range chickens and fed by natural food, and three weeks before slaughter cereals and dairy products are added to their food, protected by appellation of origin “Poulet de Bresse” have a four times higher price than industrial-reared chickens (Marković, 1999).

- Appellations of geographical origin have collective owners because all producers, inhabitants of a particular area have the exclusive right to use certain geographical indications since they are a powerful tool for regional and national development.

Evidence to this claim is the example of the collective trademark “Melinda ®” which was protected in 1989 and in 2003 grew into an appellations of origin “Val di Non apples”. Awareness of the importance of the trademark protection appeared in the 80s, when the producers of apples from Val di Non found that in the Italian market three times more

apples known as Val di Non apples had been sold annually compared to the amount they produce. This was the reason of foundation of the Melinda Association which gathered all producers of apples from Val di Non, using traditional manufacturing techniques, advanced packaging techniques, modern marketing techniques etc.

The Melinda Association specializes in producing and selling apples from 16 cooperatives with approximately 5,000 members whose annual output is 300,000 tons of apples, which represents 60% of total production in Trentino area, 10% of production in Italy and 5% in the European Union. Consumers recognize the appellations of geographical origin which indicate qualitative connection between the product and production area. One quarter of production is destined for export and turnover of the Melinda Association increases by 200 million Euros per year ([www.wipo.int/ipadvantage](http://www.wipo.int/ipadvantage)).

A product bearing the appellation of geographical origin is synonymous with quality in the market. Quality of a product is determined by its natural properties, as unpolluted water or soil, mild climate and the knowledge and skills of people from that area. Appellations of geographical origin open a free market competition between the different manufacturers of the same product types and thus contribute to increasing the competitiveness of domestic products.

### **Sources of law and term**

Legal regulations defining appellations of geographical origin are the newest in the evolution of the legislation that protects intellectual property rights. France was the first country to establish the protection of appellations of geographical origin as a form of intellectual property. At the beginning of the twentieth century, in France, a country famous for its production of high quality wines, suffered an epidemic of phylloxera which destroyed entire grapevines. Wine producers from Spain and Italy took advantage of the situation to sell their wines with the appellations of geographical origin of France in order to achieve a higher price due to better quality of French wines at that time (Simin, 2011). The Association of French winemakers, after several years of efforts to recover vineyards made a decision to protect the quality of French wines and established appellations of geographical origin as a form of intellectual property.

The result of these phenomena is a need to protect appellations of geographical origin, as an integral part of intellectual property rights by acts of international character, such as the Paris Convention and the Madrid Agreement for the Repression of False or Deceptive Indications, and later the Lisbon Agreement for the International Registration of Appellations of Origin, which Yugoslavia ratified in 1999.

In our legal system, appellations of geographical origin as a special type of intellectual property rights are regulated for the first time through the Law on the protection of inventions, technical improvements and distinctive signs of 1981. According to this law, there is only one category of rights - the indication of source of goods. The Law on Appellations of Geographical Origin of 1995 established two categories of appellations of geographical origin: appellation of origin as a qualified indication and geographical

indication as a weaker indication. Law on Appellations of Geographical Origin from 2006 also stipulated two rights: appellation of origin and geographical indication, but compared with the previous law this was more compliant with the TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights). According to the Law on Appellations of Geographical Origin in 2010, the definition of geographical appellations is in accordance with the definitions of the EU Regulation 510/2006 (Dragojevic, 2014).

The Law on Appellations of Geographical Origin defines Appellations of geographical origin as rights that protect the appellation of origin and geographical indication which designate the products produced by natural or legal entity within a specific geographical area. Thus, appellations of geographical origin are used to mark natural, agricultural, food and industrial products, traditional handicrafts products and services (the Law on Appellation of Geographical Origin, 2010). Also, appellation of geographical origin used by more authorized users may be subject only to a collective trademark. In practice, collective trademark is often the first step towards establishing appellations of geographical origin (Manigodic, 2001).

According to the Law on Appellation of Geographical Origin, there is a difference between the appellations of origin and geographical indications. Appellation of origin is the geographical name of a region, locality, or country used to designate a product originating therein, the quality and specific characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors, and such product is produced, processed and prepared entirely within a specific geographical area. (eg. Honey from Homolje, Pirot carpet, Petrovska sausage, etc.).

The essence of this type of protection through appellations of geographical origin is that all stages in the production process of the product (from the raw materials to manufacturing, packaging and labeling) take place in a defined geographical area. Only the product protected in this way can be protected through the Lisbon Agreement in another 28 countries, out of which 7 are member states of the European Union.

Geographical indication is an indication which identifies particular goods as a goods originating from the territory of specific country, region or locality within such territory, where a given quality, reputation or other characteristics of such goods can be essentially attributed to its geographical origin, and such goods are produced and/or processed and/or prepared within a definite geographical area. The conditions for protection are less demanding. It is enough to fulfill only some of the requirements, for example Jelen beer from Apatin, Bezdanski damask and others.

Appellation of origin is more complex from the standpoint of intellectual property protection of geographical indication, as it includes mandatory submission of the study when submitting application for the protection to the Office (Mihajlović, 2016). The study proves that a product produced in a particular geographic area actually meets the criteria, particularly in terms of quality and other set forth characteristics conditioned by geographic environment where production of the protected product takes place. In accordance with the foregoing, the products protected by appellations of origin require a

constant control by the competent authority specified in the application which deals with the quality control of the concerned product.

The difference between these two categories is reflected in the field of quality control and origin of raw materials. Product designated by a name of appellation of geographical origin is subject to regular controls carried out by institutions authorized for quality control, which guarantee that the product has characteristics and quality listed in the study on the method of production. Products designated by a geographical indications do not have to be fully produced in a designated locality, but can be made by processing raw materials originating from another locality (Besarević, 2007).

The described procedure can be illustrated by the example of Kladovo caviar where in the description of the geographical area one part of the Danube River is specified or the part of the Danube from 845 km to 1800 km. The line ministry has agreed that for this purpose can be used the zone of the Danube River and fishing farm “Kladovo” in order to control the amount of fish catches in order to protect the environmental conditions and prevent abuse and poaching (Simin, 2005). The study on method of production of Kladovo caviar contains a detailed description of the species (beluga, sturgeon, starry sturgeon-sterlet) and the method and procedure of production of the product, which can be considered as some sort of business secret.

Articles 38-45 of the applicable Law on Wine of the Republic of Serbia, state that a producer may produce wine with appellation of geographical origin after obtaining a certificate of the Ministry of Agriculture on registration of designation for that wine with appellation of geographical origin. Along with the application for issuance of a certificate, a study on the production of wine with appellation of geographical origin must also be submitted. Based on the control of production of grapes and wine with appellations of geographical origin and quality control and organoleptic testing of wines, a control organization prepares a report and expert opinion with accompanying documents. On the basis of the expert opinion and accompanying documents, the Ministry of Agriculture issues a certificate on fulfillment of conditions for using appellation and marketing the wine with geographical appellation from that year of vintage.

In order for agricultural and food products with appellations of geographical origin to be recognized in the market, the Ministry of Agriculture issued the Regulation introducing registration marks for labeling wines with appellation of geographical origin. This is also a guarantee to consumers that the product comes from a certain area and has a specific quality and that a reliable excellence system has been established on the basis of a serial number of the registration mark. By introducing registration marks, wine has become the first agricultural food product in Serbia that bears appellation of geographical origin, which would in future be recommendable for other agricultural and food products.

A product bearing the appellation of geographical origin is synonymous with quality in the market. In support of this claim, the Australian experience with wine is a good example of strategic use of appellation of geographical origin for the promotion of local industry. Over the last 10 to 15 years the Australian wines became popular and gained a reputation

for high quality and good taste. This recognition has led Australia to the conclusion of the wine trade agreement with the European Union, as well as to the implementation of legislation that provides protection of appellations of geographical origin. One wine company used the “registration mark” indicating an Australian appellation of origin to enhance the export of their wines to the United Kingdom from 5,000 boxes in 1986 to 1 million boxes in 1994. In 1995 it was declared the best-selling wine brand in the UK, surpassing even French and Californian wines (Idris, 2003).

The goal of establishing an appellation of geographical origin by the natural or legal entity is to become an authorized user of appellation of geographical origin. Once established the appellation of geographical origin lasts indefinitely, and the status of authorized user of a particular appellation of geographical origin is renewed every three years from the date of entry of the authorized user into the relevant register.

### Protection of domestic appellations of geographical origin

Appellations of geographical origin are especially important for developing countries such as Serbia, where the greatest part of the export structure is maintained by agricultural food products for which these appellations have a crucial role as a form of non-price competitiveness.

In Serbia until now several dozen agricultural and food products have been protected by the appellation of origin or geographical indication. On the list of protected products are: Leskovac ajvar, Uzice ham, Srem sausage, Rtanj tea, honey from Homolje, Sombor cheese, Ečanski carp, Zlatar cheese, Fruska Gora, linden honey from Fruska Gora, Sjenica lamb, pork cracklings from Valjevo, fresh and pickled cabbage from Futog, Arilje raspberry, Banat Riesling, beremet and others. The Intellectual Property Office has so far registered 52 domestic and 15 foreign appellations of geographical origin.

During 2013, the Intellectual Property Office directly received five applications for registration of appellations of geographical origin: Novokneževačka paprika, Ečanski carp, Sjenica cow cheese, Lemeshko sausage and Vrsac ham.

**Table 1. Protected products in the Intellectual Property Office of the Republic of Serbia until 2014**

Products by Category	Number of registrations	% registration
Wine	9	17,3
Alcoholic beverages	–	
Agricultural products	23	44,2
Cheese	11	21,2
Decorative objects	3	5,8
Tobacco and Cigarettes	–	
Mineral waters	4	7,7
Beer and malt	2	3,8
<b>Total</b>	<b>52</b>	<b>100</b>

Source: Author's calculation based on data of public registers of the Intellectual Property Office

*of the Republic of Serbia*

(Table 1.) shows that 90% of the registrations of appellation of origin in Serbia refer to the four main categories of food products as follows: agricultural products (44.2%), cheese (21.2%), wine (17.3%) and mineral waters (7.7%).

Considering that in Serbia the protection and use of appellations of geographical origin is mainly related to agricultural and food products, these could take the leading position compared to all other types of intellectual property rights, both with regard to the use of the most important advantages of the domestic agro-industrial complex and its improvement, and from the aspect of more equitable participation in the international trade. Therefore, in the near future the following products should be protected: Ivanjica potato, Valjevo raspberry, Peštar lamb, kajmak from Zlatibor and others. This is of primary importance for Serbia, which has only 3 internationally protected appellations of geographical origin.

The Stabilization and Association Agreement contains specific provisions on the protection of appellations of geographical origin for agricultural, fishery and food products. These provisions are set out in Article 33 of the Agreement within the chapter on free movement of goods.

Due to the specificity of matter the provisions of protection of appellations of geographical origin of wines and alcohol beverages were singled out in Annex II of Protocol 2 to the Agreement. Although the Intellectual Property Office is primarily responsible for the registration of indications of geographical origin, the entry into force of the Law on Wine (Official Gazette of the Republic of Serbia, 2013), the Law on brandy and other spirits (Official Gazette of the Republic of Serbia, 2009) the responsibility for the registration procedure passed to the Ministry of Agriculture, but the Office is still responsible for the procedure of international registration.

In order to enable agro-industrial complex in Serbia to fulfill the tasks stemming from the EU accession process, it is necessary perform a harmonization with the European standards, rules and regulations in the field of application of quality control systems and health safety of agricultural food products. Bearing in mind the importance of applying the quality control system and in particular the importance of applying HACCP (Hazard Analysis and Critical Control Points) the Government of the Republic of Serbia in May 2005 adopted the "Regulation on the use of incentives for the introduction and certification of food safety systems in 2005 (Official Gazette of the Republic of Serbia, 2004). By the adoption of the "Law on Food Safety" in May 2009, a chain of control was established to ensure the safety of food and that every consumer in the market is assured that agricultural food products meet all the requirements regarding health and hygiene safety and prescribed quality.

Preparation of the new law on food safety is ongoing and should improve the control in this area. The new law stipulates that the Directorate of national reference laboratories is no longer part of the Ministry of Agriculture, but in accordance with the practice of the European Union is an autonomous and independent body. Also, control of agricultural and food products on the market should be the responsibility of the sanitary inspection of

the Ministry of Health.

One of the important prerequisites in this process is a well designed policy of development, protection and enforcement of appellations of geographical origin that in the long run would provide a more favorable positioning of our companies from the field of agriculture and of the overall economy in the negotiations with the European Union. Creating such a policy would require cooperation between potential authorized users of indications of geographical origin, regional chambers and the republic Chamber of Commerce, the relevant ministries and the Intellectual Property Office.

### **International protection of appellations of geographical origin**

In the field of protection of appellations of geographical origin two terms are being applied, the appellation of origin and geographical indication, but since the conclusion of the Uruguay Round, the General Agreement on Tariff and Trade - GATT and the adoption of the Agreement on Trade Related Aspects of Intellectual Property Rights -TRIPS, of 1994, uses the term “geographical indications”.

The Lisbon Agreement for the provision of protection by appellation of origin requires cumulative fulfillment of the conditions for protection, that the quality and characteristics of a product are exclusively or essentially conditioned by the geographic environment, including natural and human factors, while not providing protection to the products with only a certain reputation, but no other quality due to their place of origin. On the other hand, the TRIPS agreement sets the conditions for protection optionally, to either quality or reputation or other characteristics of the product are attributable to its geographical origin.

Protection of appellation of origin at an international level is governed by the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958, amended in Stockholm in 1967, and amended in 1979.

Serbia has ratified the Agreement, which was published in (Official Gazette of FRY” - International Treaties no.6/98). With the entry into force of the Lisbon Agreement on the protection of appellations of origin of June 1999, all domestic legal and natural entities who are authorized users of a domestic appellations of origin, have been enabled to receive by submitting an application, through the Intellectual Property Office, the protection for a particular indication of origin under the simplified procedure in 28 countries (Table 2. does not specify all 28 countries, but only those that have internationally protected products). International protection allows domestic companies to achieve more favorable export prices for its products marked by appellation of origin which enjoys international protection, also representing a powerful promotional factor of the country’s economy and tourism. Through the Lisbon Agreement for the Protection of Appellations of Origin of the products, only three Serbian products are internationally protected, honey from Homolje, wine Bermet and Leskovac homemade ajvar.

Greater harmonization and openness of the multilateral system for the protection appellations of geographical origin can provide easier access of manufacturers and

companies from developing countries to the global market that recognizes application of the quality systems. Recognition of application of the quality system is a guarantee to the domestic producers to invest financial resources in the protection and application of indications of geographical origin in the traditional agricultural and food products and specialties. A greater use of various forms of geographical labels, including the appellations of origin, geographical indications and collective trademarks offers new opportunities to the companies from developing countries for successful positioning in the international market.

The application for international registration is filed only for the appellation of origin. By 2014, a total of 816 appellations of origin were registered under the Lisbon Agreement for the Protection of Appellations of Origin, detailed in (Table 2).

European consumers are prepared to pay a higher price for products with specific geographical origin which they link with the positive experience of previous purchases and high quality products. Origin gives an extra value to Italian Parmesan, French champagne and Portuguese sherry, given that these products guarantee proper and consistent quality, food safety and constant availability on the market (Loureiro, Umberger, 2005).

Appellation of origin is gaining in importance worldwide as it informs consumers about the national origin of the product, which can be an important criterion when making purchasing decisions. Those who advocate wider application of appellation of origin in the United States highlight the right of consumers to know the origin of agricultural and food products in order to reduce concerns about the quality, safety and production methods (Anders, Caswell, 2008).

Appellation of origin represents a qualitatively higher category of geographical indications, because it can be borne only by products that have special properties and qualities that other products of this type do not possess, and thus has a guarantee function (Auby, Plaisant, 1974). Table 2. shows that the leading country in the number of registrations of appellations of origin is France (509), followed by the Czech Republic (76), Bulgaria (51), Italy (33) and others.

**Table 2. Appellations of origin - Registration in force by country of origin on the basis of the Lisbon Treaty in 2014**

Country of origin	Number of registrations	Percentage of registrations
Algeria (DZ)	7	0,9
Bulgaria (BG)	51	6,3
Costa Rica (CR)	1	0,1
Cuba (CU)	19	2,3
Former Yugoslav Republic of Macedonia (MK)	4	0,5
France (FR)	509	62,4
Georgia (GE)	28	3,5
Hungary (HU)	28	3,5
Iran (IR)	5	0,6
Israel (IL)	1	0,1
Italy (IT)	33	4,0
Mexico (MX)	14	1,7
Montenegro (ME)	2	0,2
Peru (PE)	8	1,0
Portugal (PT)	7	0,9
Republic of Moldova (MD)	1	0,1
Republica Democratica Popular de Corea (KP)	6	0,7
Czech Republic (CZ)	76	9,2
Serbia (RS)	3	0,4
Slovakia (SK)	6	0,7
Tunisia (TN)	7	0,9
<b>Total:</b>	<b>816</b>	<b>100</b>

Source: Bulliten - Appellations of origin 2013, Publication of the International Bureau of the World Intellectual Property Organization (WIPO), Geneva

Many manufacturers and companies from the European Union and wider community view the introduction and application of appellations of origin as an important marketing tool which is based on a positive image of the country of origin that favors sale of local agricultural and food products as an import substitution. Appellations of origin can serve as a powerful tool to support the growth of exports of agro-industrial complex of certain countries or regions.

(Table 3.) shows that 85% of the registrations of appellations of origin refers to the four main categories of products such as wine (61.5%), spirits (9.5%), agricultural products (8.4%) and cheese (8.5 %).

**Table 3. Protected products on the basis of the Lisbon Agreement by 2014**

Products by Category	Number of registrations	Percentage of registrations
Wine	502	61,5
Spirits	78	9,5
Agricultural products	69	8,4
Cheese	61	8,5
Decorative objects	35	4,2
Tobacco and Cigarettes	34	4,0
Mineral waters	24	2,4
Beer and malt	13	1,5
<b>Total</b>	<b>816</b>	<b>100</b>

*Source: Author's calculation based on data of Bulliten - Appellations of origin 2013, Publication of the International Bureau of the (WIPO)*

Agricultural products are unique because they are related more than other products to the area in which they grow and gradually become a symbol of the whole region, when it comes to cheese the examples are Parmigiano Reggiano - Parma region in Italy or Roquefort - Roquefort city in southern France. Recognition of the sign implies creation of a certain positive attitude of consumers through a recognizable product.

Favorable interdependence between the image of the country of origin and the product appears in the case when a certain dimension of the country of origin is seen as an essential product characteristic. The practice is that producers who intend to sell their goods on the international market, decide whether to indicate the country of origin on the label - Norwegian salmon, New Zealand lamb, Californian grapes, Australian wool, Welsh leek and French onion. In recent years, such labels have become more popular due to the development of the concept of countries of origin in the role of trademarks (Aaker, 1991). Country can be a powerful symbol, especially at the national level, based on its direct connection with the products, materials and possibilities.

Unfavorable interdependence is expressed when the essential characteristics of the product are perceived as dimensions of a negative image of the country of origin. It is certain that nobody in their right mind will buy Italian whiskey, or Scottish olive oil (Olins, 2003).

Also, the affirmation of protection and enforcement of appellations of origin is essential to prevent infringement of the rights or counterfeiting of products and indications which determine certain commercial, traditional or national interests.

### **Concluding remarks**

Most manufacturers and companies from the European Union and the wider international community, consider protection and application of appellations of geographical origin as an important marketing tool which is based on a positive image of the country of origin that favors sale of local agricultural and food products as an import substitution. As

previously mentioned, the EU countries are taking advantages of protection of products with appellations of origin, reaching in such a way a turnover of a few billion Euros in some countries (eg. France, Italy, Spain, etc.). Appellations of origin can serve as a powerful tool to support the growth of exports of agro-industrial complex of certain countries or regions.

The paper has proven that the protection and application of appellations of origin worldwide is mainly related to agricultural and food products and the leading countries in the number of registrations of indications of origin are France (509), followed by the Czech Republic (76), Bulgaria (51), Italy (33) and others. By the structure of products 85% of the registrations of appellations of origin in the world belong to the four major categories of food products such as: wine (61.5%), spirit (9.5%), agricultural products (8.4%) and cheese (8, 5%).

This is of a significant importance to Serbia, which has 52 domestic appellations of geographical origin, but only 3 internationally protected appellations of origin. Specifically, through the Lisbon Agreement for the Protection of Appellations of Origin of the product only three Serbian products are internationally protected: honey from Homolje, wine Bermet and Leskovac homemade ajvar. The study based on data from the Intellectual Property Office shows that 90% of the registrations of appellations of origin in Serbia belong to four major categories of food products: agricultural products (44.2%), cheese (21.2%), wine (17.3 %) and mineral water (7.7%).

Appellations of origin are of particular importance to developing countries such as Serbia, where the leading part in the structure of exports is maintained by agricultural food products for which these indications have a crucial role as a form of non-price competitiveness. These could take the leading position in relation to all other types of industrial property rights, as from the aspect of use of the most important advantages of the domestic agro-industrial complex and its improvement, as well as from the aspect of more equitable participation in the international trade. This is important because Serbia is rich in numerous agricultural and food products that are produced in underdeveloped rural areas so that would be a chance for their economic development and progress.

Advantages of labeling products by appellations of geographical origin for producers are multiple. A product bearing the appellation of geographical origin is synonymous with quality in the market. The quality of a product is determined by its natural properties, as unpolluted water or soil, mild climate and the knowledge and skills of people from that area. Products protected by appellations of geographical origin are being sold more expensively than anonymous products from the same area because consumers value products with special properties and quality more, and this is especially true for products and gourmet food specialties. Also, an appellation of geographical origin is a part of the marketing strategy for the promotion of products of a particular manufacturer in the form of advertisements that give an advantage to the user over the competition in the market.

At the macro level, appellations of geographical origin open a free market competition between the different manufacturers of the same product types and thus contribute to

increasing the competitiveness of domestic products. Appellations of geographical origin can serve as a powerful tool for national and regional growth, contributing to rural development, preventing migrations of the rural population, contributing to the development of tourism, serving as part of the marketing strategy for the promotion of products of a country or region, and generally promoting the country as a whole.

Just like French wines and champagne create a positive attitude towards France, Italian cheeses and mortadella towards Italy, Cuban cigars towards Cuba in the same way Valjevo raspberry, wine from sand soil, Ivanjica potatoes, kajmak from Zlatibor etc. could be a good starting point for creating a positive attitude towards our country. Appellations of geographical origin are an excellent method to transfer the comparative advantages into competitive. They are a key factor for strengthening competitiveness, and that provides more power or strength to a product, company or economy compared to others. This indicates the importance of appellations of geographical origin as an expression of identity of a country, and the notion of quality of some products is directly related to the country's reputation.

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## OZNAKE GEOGRAFSKOG POREKLA KAO GENERATOR KONKURENTNOSTI NACIONALNE PRIVREDE

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### Rezime

*Zaštita oznaka geografskog porekla u svetu prema Lisabonskom aranžmanu, uglavnom se odnosi na poljoprivredno prehrambene proizvode, a vodeće zemlje po broju registracija oznaka porekla su: Francuska, Češka, Bugarska, Italija i dr. U strukturi proizvoda 85% registracija oznaka porekla u svetu odnosi na četiri glavne kategorije prehrambenih proizvoda i to: vina (61,5%), alkoholna pića (9,5%), poljoprivredni proizvodi (8,4%) i sir (8,5%). Obzirom da se i u Srbiji zaštita oznaka geografskog porekla uglavnom odnosi na poljoprivredno prehrambene proizvode, kao i činjenica da imamo 52 domaće i samo 3 međunarodno zaštićene oznake porekla, ove oznake mogle bi da posluže kao snažno sredstvo za podršku rasta konkurentnosti agrokomplesa pojedinih regiona kao i čitave zemlje. Oznake geografskog porekla imaju kolektivno vlasništvo i predstavljaju neku vrstu nacionalnog resursa.*

**Ključne reči:** *oznaka geografskog porekla, oznaka porekla, intelektualna svojina, konkurentnost, poljoprivredni proizvodi*

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