

University Business Academy in Novi Sad  
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# MEFKON

INNOVATION AS AN INITIATOR OF THE DEVELOPMENT  
"INNOVATIONS – DEVELOPMENT PROSPECTS"

International Thematic Monograph – Thematic Proceedings

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# I N N O V A T I O N S

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Belgrade, 2019

# APPELLATIONS OF GEOGRAPHICAL ORIGIN IN FUNCTION OF NATIONAL ECONOMY POSITIONING

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**Abstract:** The scientific justification of this paper is reflected in the fact that the field of protection of appellations of geographical origin in function of positioning of the national economy, is insufficiently or very little studied in our economic theory. The protection of appellations of geographical origin worldwide mainly refers to agricultural and food products and the leading countries in the number of registrations of appellations of origin are: France, Italy, Islamic Republic of Iran, Czech Republic, Bulgaria, etc. 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 60 domestic and only 3 internationally protected appellations of origin, these could be used as a powerful tool to support the growth of exports 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.

**Keywords:** appellations of geographical origin, appellations of origin, intellectual property, positioning, agricultural products  
**JEL:** 031, 034, 038

## 1. INTRODUCTION

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 traditional production method which is used in the area from which the product originates and which give a special, specific quality to that product.

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 between the different manufacturers of the same type of product.

According to (Simin *et al.*, 2016), 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. A product bearing appellation of geographical origin acquires significantly greater reputation in the international market, and also achieves a higher price than anonymous product. In Serbia there are many unprotected nationally recognizable products that should be protected in the near future such as: Valjevo raspberry, kajmak from Zlatibor, Pester Lamb and others

## **2. DATA SOURCES AND METHODOLOGY**

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. Regarding to (Simin *et al.*, 2016) 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 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 (World Intellectual Property Organization - WIPO).

From general scientific methods for processing quantitative data we used statistical methods and modeling method. Through statistical analysis we explained the structure, dynamics, mutual conditioning and impact of protection of appellations of geographical origin on enhancing competitiveness through the

increased export volume of agro-industrial complex in our country and abroad. 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 also used the method of modeling 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 (Simin *et al.*, 2016).

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 2018. The most frequent forms of analysis in this paper are: structural, functional, genetic and comparative analysis.

### **3. THE SUBJECT OF PROTECTION**

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 (Simin *et al.*, 2016).

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 a appellations of geographical origin which has no relation to the actual place of origin of goods.

Regarding to the protection conditions, only small countries are acceptable as a protected name, such as 'Cuba' for tobacco or 'Ceylon' for tea. A geographical indication communicates to consumers that a product is manufactured in a particular place and that it has certain desirable characteristics that can only be found in that place.

The subject of protection is appellation of geographical origin, actually the 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).

According to (Simin *et al.*, 2016), protection of product by appellations of geographical origin makes sense only if prevents such product from becoming generic or commonly known name of the product on the market and if prevents use by the unauthorized users.

#### **4. ECONOMIC IMPORTANCE OF PROTECTION**

Regarding to (Savić & Đurić, 2010) 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.

Appellations of geographical origin help producers to obtain a premium price for their quality products made in accordance with traditional methods in specific places but also facilitate a better redistribution of the added value in the production chain: from the raw-material producer to the manufacturer. A study conducted on French products shows that the average price difference between products with and without appellations of geographical origin is about 30% for cheese and up to 230% for wines, the price of a liter of milk destined for the production of cheese with a appellations of geographical origin is twice as high as the price of milk for other cheeses (GI and challenges for ACP countries, [www.agritrade.cta.in](http://www.agritrade.cta.in)).

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.

In support of this claim (Idris, 2003), the Australian wine experience is a good example of the strategic use of appellations of geographical origin to promote the local industry. Australian wines have grown in popularity over the last 10 to 15 years and have gained a reputation for their high quality and good taste. This

reputation led Australia to conclude a wine contract with the European Union, as well as to the implementation of legislation for the protection appellations of geographical origin. One wine company used a 'marketing badge' as an Australian wine label to speed up its exports to the UK from 5,000 boxes in 1986 to 1 million boxes in 1994. It was named the UK's best-selling wine appellations of geographical origin in 1995, exceeding even French and California wines.

- Consumers sometimes more value regional specialties.

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 from an anonymous olive oil. Free range chickens and fed by natural food, and three weeks before slaughter cereals and dairy products are added in their food, protected by appellation of origin "Poulet de Bresse" have a four times higher price than industrial-reared chickens (Markovic, 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 an example of the collective trademark "Melinda ®" which is protected in 1989 and in 2003 grew into a 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 Melinda Association which gathered all producers of apples from Val di Non, using traditional manufacturing techniques, advanced packaging techniques, modern marketing techniques etc.

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 Melinda Association increases by 200 million Euros per year (Melinda: The First Italian Designer Apple, [www.wipo.int](http://www.wipo.int)).

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 opens a free market competition between the different manufacturers of the same product

types and thus contributes to increasing the competitiveness of domestic products.

## 5. SOURCE OF LAW AND TERM

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 the entire grapevine. 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. 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.

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 (Simin *et al.*, 2016).

Regarding to (Dragojevic, 2014), Law on Appellations of Geographical Origin from 2010 year 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 2018, the definition of geographical appellations is in accordance with the definitions of the EU Regulation 510/2006.

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 (Law on Appellation of Geographical Origin, 2018). 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, (Simin *et al.*, 2016) there is a difference between the appellations of origin and geographical indications. Appellation of origin is 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 (Simin *et al.*, 2016).which identifies particular good as a good originating from the territory of specific country, region or locality within such territory, where a given quality, reputation or other characteristics of such good can be essentially attributed to its geographical origin, and such good is 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.

According to (Marković *et al.*, 2013) successful national policies of economic development and youth engagement include, besides the involvement of public authorities, the activism of young people in a process through which they have to do something positive for themselves. To overcome this situation, it is necessary to create prerequisites for development and the most complete achievement of young people in the sphere of economics and entrepreneurship.

Appellation of origin is more complex from the standpoint of intellectual property protection of geographical indication, as it includes mandatory submission of study when submitting application for the protection to the Office.



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

One such appellation of origin is Prosciutto di Parma or Parma ham. For ham to receive the Parma name, it must be produced in the province of Parma – in the Emilia-Romagna region of north-central Italy – using exclusively pigs from that area. Each step in production, from the breeding of the pigs and their diet through processing to the final packaging, is closely monitored and controlled by the Istituto Parma Qualità. Only the Istituto can brand the finished ham with the seal of Parma's five-pointed ducal crown, qualifying the ham as true Parma ham (Famous Appellation of origin, [www.wipo.int](http://www.wipo.int)).

The aim of the Study is to define rules for achieving specific quality, and these rules are intended for manufacturers in the designated area of production. Therefore the Study must describe the special characteristics of the products with appellation of origin, which exist due to the geographical origin of the product, and thus justify the link between the product and the specific territory.

The described procedure, according to (Simin, 2005) 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. 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.

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.

## 6. PROTECTION OF DOMESTIC APPELLATION OF GEOGRAPHICAL ORIGIN

Appellations of geographical origin are especially important for developing countries such as Serbia, (Simin *et al.*, 2016) 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. Manufacturers and local people can benefit from the appellations of geographical origin and can participate in the creation of its value, if the characteristics of the product are in accordance with local tradition and the expected quality. The competitiveness of such a production system is not based on quantity and price, but on specific characteristics that differentiate it from other products in that group. In this way, it is possible to stimulate economic development and improve the quality of life in the local community, the region and the entire country.

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 60 domestic and 15 foreign appellations of geographical origin.

During 2018, the Intellectual Property Office directly received four applications for registration of appellations of geographical origin: Honey from Deliblato, Potato from Ivanjica, Fried pork delicacy and Towels from the District of Sabac.

**Table 1.** *Protected products in the Intellectual Property Office of the Republic of Serbia until 2018*

Products by Category	Number of registrations	% registration
<b>Wine</b>	9	<b>15,0</b>
<b>Alcoholic beverages</b>	–	
<b>Agricultural products</b>	28	<b>46,6</b>
<b>Cheese</b>	13	<b>21,7</b>
<b>Decorative objects</b>	4	<b>6,7</b>
<b>Tobacco and Cigarettes</b>	–	
<b>Mineral waters</b>	4	<b>6,7</b>
<b>Beer and malt</b>	2	<b>3,3</b>
<b>Total</b>	<b>60</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 (46,6%), cheese (21.7%), wine (15%) and mineral waters (6.7%).

Considering that (Simin *et al.*, 2016) 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.

Also as they state (Maksimović & Novaković, 2018) tourism undoubtedly represents a significant segment of country's economic development due to its economical, sociological and ecological factor, and which introduces immense changes in the environment. Therefore, tourism industry could be regarded as a branch which has the most dynamic development. Therefore, in the near future the following products should be protected: 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 (Simin *et al.*, 2016).

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 the Law on brandy and other spiritsthe 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 (Simin *et al.*, 2016) enable agro-industrial complex in Serbia to fulfill the tasks stemming from the EU accession process, it is necessary perform 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." 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 major economic and social problems in Serbia is high unemployment. Since the process of ownership transformation is at the end, but still incomplete, the process of layoffs will continue in the future. This is based on increased employment that has a basis in launching new products, which in turn cannot be started without substantial capital investment. Large investments in competitive production can create more sustainable economic growth that would be the leader in job creation (Marković *et al.*, 2013). Appellations of geographical origin are an excellent method to transfer the comparative advantages into competitive. They are a key factor for strengthening competitiveness and increase in employment, especially in rural areas.

One of the important prerequisites in this process is a well designed policy of development, protection and enforcement of appellation 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 policy would require cooperation between potential authorized users of indications of geographical origin, regional chambers and republic Chamber of Commerce, the relevant ministries and the Intellectual Property Office.

## **7. INTERNATIONAL PROTECTION OF APPELLATIONI GEOGRAPHICAL ORIGIN**

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 recognize 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 (Simin *et al.*, 2016).

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".

While 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 ("Off. Gazette of SRJ" - 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 entity 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 (Simin *et al.*, 2016).

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)

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).

The application for international registration is filed only for the appellation of origin. By 2018, a total of 1012 appellations of origin were registered under the Lisbon Agreement for the Protection of Appellations of Origin, detailed in (Table 2.). This represents a 2.1% increase on the previous year, mostly driven by strong growth from Italy and the Islamic Republic of Iran. France remains the largest user of the System. It accounted for 50.3% of the 2018 total, followed by Italy (17.3%), Czech Republic (7.4%), the Islamic Republic of Iran (6%) and Bulgaria (3.9%).

Table 2. shows that the leading country in the number of registrations of appellations of origin is France (509), followed by the Italy (175), Czech Republic (75), the Islamic Republic of Iran (61), Bulgaria (39), and others.

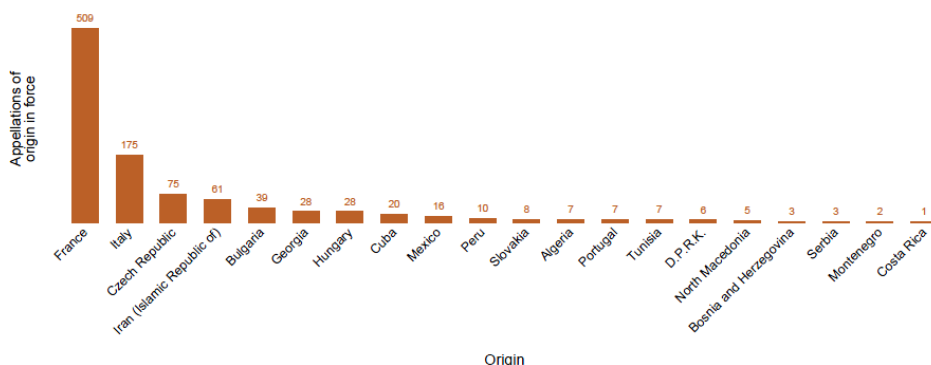
**Table 2.** *Appellations of origin - Registration in force by country of origin on the basis of the Lisbon Treaty in 2018*

Country of origin	Number of registrations	Percentage of registrations (%)
Algeria (DZ)	7	0,7
Bosnia and Herzegovina (BA)	3	0,3
Bulgaria (BG)	39	3,8
Costa Rica (CR)	1	0,1
Cuba (CU)	20	2,0
Former Yugoslav Republic of Macedonia (MK)	5	0,5
France (FR)	509	50,3
Georgia (GE)	28	2,3
Hungary (HU)	28	2,3
Iran (IR)	61	6,0
Israel (IL)	1	0,1
Italy (IT)	175	17,3
Mexico (MX)	16	1,6
Montenegro (ME)	2	0,2
Peru (PE)	10	1,0
Portugal (PT)	7	0,7
Republic of Moldova (MD)	1	0,1
Republica Democratica Popular de Corea (KP)	6	0,6
Czech Republic (CZ)	75	7,4
Serbia (RS)	3	0,3

<b>Slovakia (SK)</b>	8	<b>0,8</b>
<b>Tunisia (TN)</b>	7	<b>0,7</b>
<b>Total:</b>	<b>1012</b>	<b>100</b>

Source: Bulletin - Appellations of origin 2018, Publication of the International Bureau of the World Intellectual Property Organization (WIPO), Geneva

**Figure 1.** Registrations in force by country of origin on the basis of the Lisbon Treaty in 2018



Source: Bulletin – World Intellectual Property Indicators 2018, 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. 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).

Table 3. shows that 87,8% of the registrations of appellations of origin refers to the four main categories of products such as wine (51.5%), spirits (8,8%), agricultural products (20,5%) and cheese (7 %).

**Table 3.** *Protected products on the basis of the Lisbon Agreement by 2018*

<b>Products by Category</b>	<b>Number of registrations</b>	<b>Percentage of registrations</b>
<b>Wine</b>	521	<b>51,5</b>
<b>Spirits</b>	89	<b>8,8</b>
<b>Agricultural products</b>	207	<b>20,5</b>
<b>Cheese</b>	71	<b>7,0</b>
<b>Decorative objects</b>	43	<b>4,2</b>
<b>Tobacco and Cigarettes</b>	36	<b>3,6</b>
<b>Mineral waters</b>	27	<b>2,7</b>
<b>Beer and malt</b>	18	<b>1,7</b>
<b>Total</b>	<b>1012</b>	<b>100</b>

Source: Author's calculation based on data of Bulletin - Appellations of origin 2018, 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.

Given the fact that more experienced tourists are not prone to opt for the destinations whose products have reached the maturity stage, or the destinations that do not offer a good “money and value ratio”, destinations will increasingly be forced to offer the products that match tourists’ different and multiple characteristics and meet their expectations, which means that they will have to offer a unique offer (Maksimović & Novaković, 2018).

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.

## CONCLUSION

Appellations of geographical origin are a key factor for strengthening positioning, and that provides more power or strength to a product, company or economy compared to others. 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 of a significant importance for Serbia, which has 60 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 (46,6%), cheese (21.7%), wine (15,0 %) and mineral water (6.7%).

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.

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 Italy (175), Czech Republic (75), the Islamic Republic of Iran (61), Bulgaria (39), and others. By the structure of products 87,8% of the registrations of appellations of origin in the world belong to the four major categories of food products such as: wine (51.5%), spirit (8,8%), agricultural products (20,5%) and cheese (7%).

Appellations of geographical origin opens a free market competition between different manufacturers of the same product types and thus contributes to increasing the competitiveness of domestic products. Appellations of geographical origin have a collective ownership and represent a kind of national resource. This indicates the importance of appellations of geographical origin as an expression of identity of a country, and the notion of quality of some product is directly related to the country's reputation.

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