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APPELLATIONS OF ORIGIN AS REGION BRANDING TOOL

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Abstract

The article analyzes appellations of origin as region branding tools. In Russia, appellations of origin are intellectual property objects which allow individualizing goods with specific characteristics due to a particular geographical environment with its inherent natural and human factors, Khokhloma painting. In the legislation of the Russian Federation, unlike European countries, such an object of intellectual property as a geographical indication is not envisaged, which affects the number of protected designations. Weakness of the exclusive right belonging to rightholders is noted.

There are protected designations: art objects, articles of clothing, craftwork items, knitted and embroidered items, etc.

Depending on the impact of any factors forming special properties of goods, there are 3 groups. In the first group, special properties are given to natural factors, in the second group – human. The third group is characterized by a combination of human and natural factors. Despite that, appellation of origin always guarantees the presence of special properties in the product, since it is the presence of special properties, a certain degree of fame.

In the existing European system of individualization of goods, the protected name of the place of origin corresponds to the Russian appellation of origin, while the protected geographical indication is not provided in the Russian legislation. In order to unify the legislation, it is proposed to introduce a new means of individualization of geographical indication into the Civil code of the Russian Federation.

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1. Introduction

As practice shows, at present there is competition not only among companies, but regions also compete with each other, in particular, for attracting investments.

2. Problem Statement

Mechanisms which can improve a region brand should be developed. One of the mechanisms improving a region brand is individualization of goods produced in a certain territory and having characteristics which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors.

3. Research Questions

Appellations of origin is a protected indication of the current or historical, official or unofficial, full or abbreviated name of a country, region, city, rural settlement or any other geographical object as well as an indication derived from this name and renown for characteristics which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors.

Appellation of origin can be an indication which allows identifying a good as a product of an area which became known due to the use of this indication. In Russia, a appellation of origin is one of the 16 protected intellectual property objects. It refers to individualization tools which allow marking goods having characteristics which are essentially or exclusively due to a particular geographical environment. There are three groups of factors influencing appellations of origin: 1) natural factors, 2) human factors, 3) combination of natural and human factors.

Mineral water Irkutskaya (registration number 100) is a product from the first group. Mineral water Irkutskaya is extracted at the 27-BIS-well in Olkha, Shelekhov district (the foothill of the Eastern Sayan mountains). It is medical natural hydrocarbonate, sulphite-chloride, magnesium natrium calcium water. This water contains a balanced amount of mineral substances and is used to prevent and treat digestive, endocrine and genitourinary disorders. It is extracted from the depth of 352 meters which protects it from external impacts and preserves natural mineral composition (Mineral water Irkutskaya. Natural. Native, 2018). In 2018, the producers will celebrate their 50th anniversary. At present, about 300 workers are employed in the factory. Water reserves can be used during the next 200 years. According to the population of Irkutsk oblast, mineral water Irkutskaya is the most known item produced in the region. In the European part of Russia, mineral water Irkutskaya is known as Baikal Reserve. This water is exported to Kazakhstan and China (Mineral water Irkutskaya, 2018).

Rostov enamels (registration number 117) are products of the second group. They are produced in Rostov, Yaroslavl oblast. Enamels are ancient products of arts and crafts which have been produced for more than 200 years. They are a kind of miniature paintings. The exclusive nature of enamel miniatures is due to skills of artisans and difficulties and labor intensity of production. The art of Rostov enamels was born 200 years ago. Enamels are used to decorate icons, portraits, landscape pictures, still-life paintings, church utensils, jewelries, household items, etc. To make an enamel miniature, a master first covers a plate with white enamel, draws the outline of the composition and then fires the object at the temperature of 700-900 degrees Celsius (History of enamels, 2018).

Orenburg down shawls (registration number 58) and Kasli castings (registration number 48) are examples of goods influenced by the third group of factors.

Orenburg down shawls are produced by the down knitting industry which was found more than 250 years ago. They are produced in Orenburg oblast which is located in the south-western part of the Great Russian Plain, in the Southern Urals and Southern Trans-Urals. Down items are produced from special goat's down which makes shawls light, lace and durable. Sheerness of a shawl allows putting it in a goose-egg shell or through a wedding ring. Shawls are produced by mechanical means as well. However, only manually produced shawls are hot products. Kitaysky (2011) says that foreladies developed a number of original ornaments. When they weave a new shawl, they create a new ornament which is difficult to reproduce.

Kasli castings are art iron castings produced in Kasli which is located 90 kilometers away from Chelyabinsk. Graphical sharpness, sheerness and clearness of mesh patterns, thorough finishing of parts is due to properties of Kasli sand, high quality iron and skills of local craftsmen (Kitaysky, 2011). The sculpture by Laveretsky "Russia" which is located in the Kremlin is an example of Kasli castings. In 1990, the copy of this sculpture won Grand prix at the World Exhibition of Applied Arts and Crafts in Paris.

According to Gorlenko (2018), a chief researcher of the Federal Institute of Industrial Property of the Patent Agency of the Russian Federation, appellations of origin are intellectual property objects which can attract public attention to goods. In fact, the consumer has the guarantee of a constant level of quality and specific characteristics of the product due to a particular geographical environment with its inherent natural and human factors. These specific characteristics and brand awareness are conditions for appellation of origin protection. Accordingly, the consumer can have more guarantees of specific characteristics of the product which can increase the volume of sales.

According to the author, any type of appellations of origin can contribute to positive branding of a region where the product is produced. For example, Novorossiysk is known for Abrau-Durso wines (registration number 17), Bashkortostan – for Bashkiria honey (registration number 83). High demand for these products allows creating new jobs and developing small and medium-size business.

One of the strategic areas of economic development of Irkutsk oblast is development of the tourism industry. In this area, appellations of origin are forces for progress. They allow developing rural settlements as centers of arts and crafts, developing agritourism and ethno-tourism (Gorlenko, 2018).

According to Galkin (2012), "the most competitive regions are those where there are highly qualified population, strong brand and a high inventive level. Regions having unique natural resources and people with specific skills possess unique non-tangible assets – appellations of origin".

In one area, there can be several producers of goods having specific characteristics which are marked with the same appellation of origin. Initially, a appellation of origin can be registered by one or several individuals or companies (Part 1 of Article 1518 of the Civil Code of the Russian Federation). An exclusive right to this designation can be granted to these producers. Placement of these names on labels, packages which are sold in the Russian Federation are uses of appellations of origin. An exclusive right to the appellation of origin can be granted to any subject producing goods with similar specific characteristics within this area. Thus, a monopoly typical of trademarks of producers working within the same area and producing goods with similar specific characteristics does not develop.

However, right holders are protected from other producers. According to Article 1537 of the Civil Code of the Russian Federation, illegal use of appellations of origin entails liability. For example, a right holder can demand compensation payment (only the fact of violation has to be proved) instead of compensation of damages (the size of damages has to be justified):

- 1) in the amount from ten thousand to five million rubles determined at the discretion of the court;
- 2) at a double rate of the price of infringing goods marked with illegal appellations of origin.

Currently, in Russia, there are 169 registered appellations of origin (Open registers of FISC, 2018) which does not correspond to the potential of this intellectual property object. Among the causes of a small number of appellations of origin, one can mention a short term of the institute of a appellation of origin in the Russian legislation. The national legislation regulating appellations of origin has been developing since 1974. Orlova (as cited in Bliznets, Gavrilov & Dobrynina, 2011) says that the first rule regulating appellations of origin appeared in the “Regulation on trademarks” approved by the State Invention and Patent Committee of the Council of Ministers of the USSR of January 8, 1974. Currently, Part 4 of the Civil Code of the Russian Federation regulates the issues of appellations of origin. It is necessary to say that Russia is not a leader in this sphere. Znamenskaya (2016) says that “a significant mass of protected appellations of origin are concentrated abroad. The European legislation began developing earlier than the Russian one and is leading in the area of appellations of origin protection”. Amendments which will enshrine a geographical indication along with a appellation of origin to civil laws of the Russian Federation should be made.

The researcher notes that in the existing European system of individualization of goods Protected Designation of Origin corresponds to the Russian appellations of origin, at the same time Protected geographic Indication is not provided in the Russian legislation. In order to unify the legislation, as well as to spread positive European experience, we agree with the opinion of the scientist about the need to introduce a new means of individualization into the Civil Code of the Russian Federation – a geographical indication corresponding to the European Protected geographic Indication. A geographical indication will identify a product as originating from a geographical area where a certain quality, reputation or other property of the product is due mainly to its geographical origin.

According to the World Intellectual Property Organization, the main difference between appellations of origin and geographical indication is that "the quality or characteristics of a product protected as appellations of origin must derive solely or inherently from its geographical origin. This usually means that the source materials must be received at the place of origin, the processing of the goods must be the same. In the case of geographical indication, one criterion relating to geographical origin is sufficient, whether it is the quality or other characteristic of the product or even its reputation." (Geographical indications, 2018) Examples of geographical indications are Roquefort cheese, Georgian wine, Pinggu Peaches. Thus, the requirements that apply to appellations of origin are more stringent, respectively, of goods that can be individualized by geographical indication objectively more. But the brand of the region geographical indications, in our opinion, can have the same positive impact as appellations of origin.

One more cause of a small number of appellations of origin is a lack of government support. The Decision of the Intellectual Property Council of the Federal Assembly of the Russian Federation “On the role of Russian regions in development of the intellectual property market” of November 7, 2013

(Matvienko suggested regions dealing with geo-branding) says that “appellations of origin are a tool of economic development of regions. Therefore, they should be protected by the government. At the regional level, small and medium-size businesses can be supported as a part of the Federal Program “Federal Support of priority industries for the period 2014-2018”. In the previous research (Stepanenko, 2015), the author mentioned that in Irkutsk oblast, small and medium-size businesses are supported as a part of the sub-program “Support and development of small and medium-size businesses in Irkutsk oblast for the period 2014-2018”. Among support measures are financial (e.g., refund of leasing costs, partial funding of equipment costs of small and medium-size businesses and start-up companies) and non-financial (involvement of youth in business, creation of a positive image of a businessman and business, development of social entrepreneurship) tools. To obtain financial support, it is necessary to gain a certain number of scores by target parameters. If these parameters are applied to production of goods marked with appellations of origin, a region can be encouraged to create enterprises producing such goods.

There are regional support programs for small and medium-size businesses which establish funding of rental payments, loan interests, exhibition costs. Similar programs could be developed for producers of products with characteristics which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors.

To promote appellations of origin, the project “Made in Russia” can be used (Official website of the project “Made in Russia”, 2018). The project is supported by the Government. It aims to promote exported products, business and culture of Russia in national and international markets. Among the project methods are a media-platform, a multi-language portal, catalogues containing information about domestic exporters, corporate identities. At present, 194 companies are included in the catalogue (e.g., Tentorium, Roskosmos, Siberian Znakhar).

One more promotion method is holding workshops in partnership with the Patent Agency of the Russian Federation, the World Intellectual Property Organization, and public officials. In September 2016, Irkutsk held a national workshop “Appellations of origin: analysis and recent global events”. The workshop was arranged by the World Intellectual Property Organization and the Technology and Innovation Support Center of Irkutsk National Research Technical University (Stepanenko & Vidyakina, 2015). The following issues were debated:

- legal regulation of appellations of origin;
- geographical indications as local goods promotion tools;
- potential of Russian goods marked with appellations of origin;
- examples of successfully distributed goods marked with appellations of origin;
- protection of geographical indications by means of registration of trademarks and certified marks, etc.

Members of the student research center “Innovation studies. Investment engineering”, headed by Professor V.Y. Konyukhov and the author of the present article, analyzed goods produced in Irkutsk oblast which could be marked with appellations of origin or geographical indications (e.g.,

- white Baikal marble in Buguldeyka;
- red and rose large-grained Baikal marble in Burovschina;
- nizhneudinsk marsh-mallow, Nizhneudinsk;

- nukutsk plaster, Novonukutsk;
- tofalar jewelries, Tofalaria;
- tyret salt, Tyret, Zalary district).

It seems that such researches should be supported by the government in order to identify goods which can be marked with appellations of origin. These intellectual property objects can be a valuable non-tangible asset. Due to their visibility and specific characteristics, they can have a positive influence of region branding. According to the Ministry of Economic Development, “formation of attractive brands of goods and services, and a region brand reflecting its tourist recreation potential and production and research identities depends on successful attraction of investment in the region, development of internal and inbound tourism, and increasing exports of goods” (Region brand promotion tools, 2018).

4. Purpose of the Study

The article aims to analyze the use of appellations of origin as a mechanism of region branding.

5. Research Methods

The article uses general scientific methods (simulation, analysis, synthesis, etc.); theoretical methods: comparison, generalization, classification, concretization, induction, deduction, idealization, analogy, etc. The article also uses the methods of philosophy (dialectics, metaphysics, phenomenology); interdisciplinary methods as a set of synthetic, integrative tools.

6. Findings

In Russia, appellations of origin as region branding tools which can influence efficient economic and social development of regions have limited application in comparison with European countries. According to the author, public officials have to develop and implement specific government support measures. Even minor changes in existing programs can be beneficial for producers of goods marked with appellations of origin. Measures aimed at promoting appellations of origin are required. It is reasonable to use resources of the project "Made in Russia", hold workshops in partnership with the Patent Agency of the Russian Federation, the World Intellectual Property Organization, and public officials. Along with the term “appellations of origin”, the term “geographical indication” applied in European countries should be used in Russian legal acts.

7. Conclusion

Region brands are influenced by goods produced in regions. If these goods are marked with protected appellations of origin, a positive effect increases due to a guarantee of specific characteristics and brand visibility. Thus, appellations of origin are efficient tools improving region and nation branding.

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