



WTO MSMEs Working Group Meeting

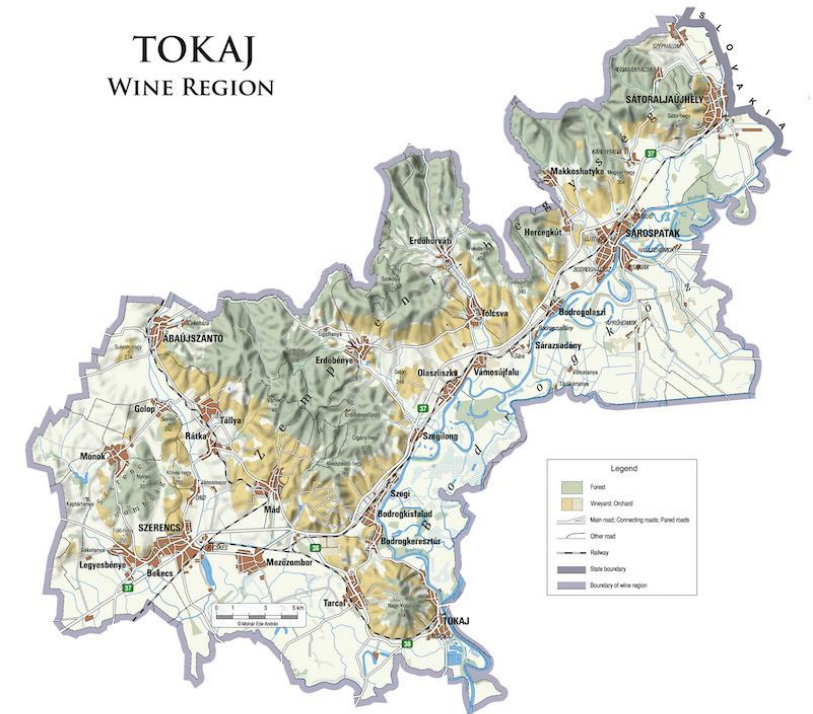
Perspective from Tokaj



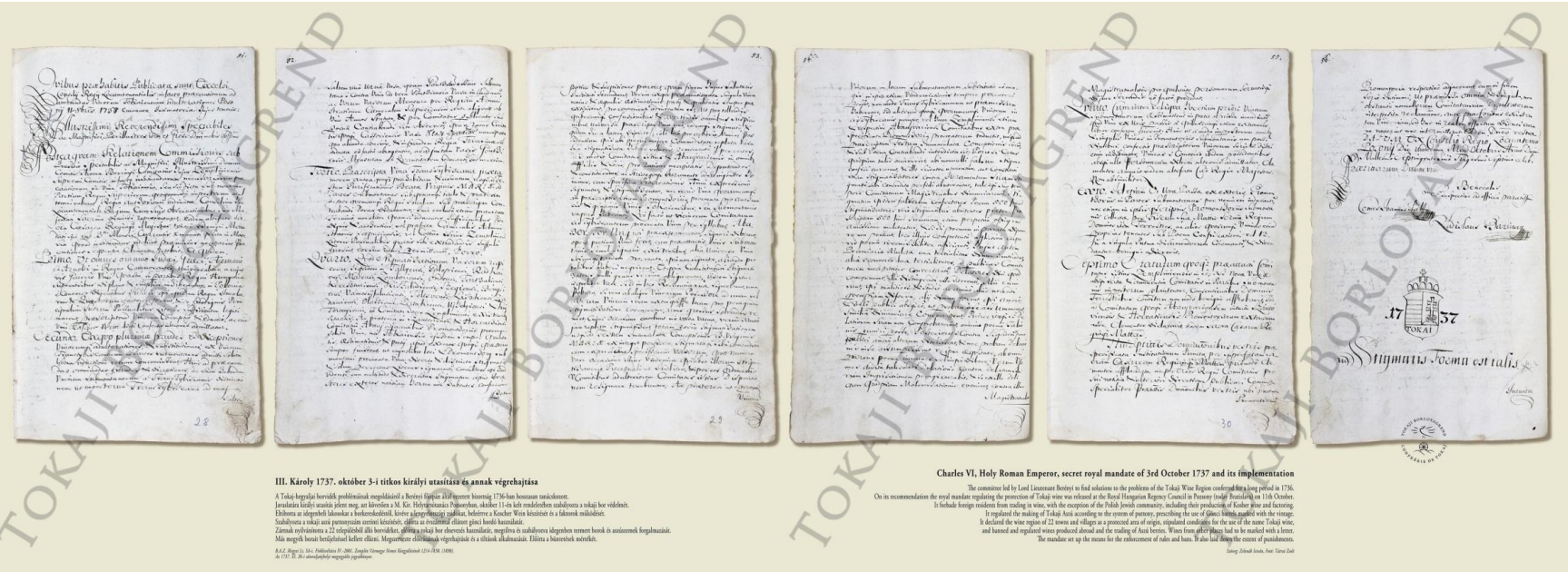
Tokaj: A Collective Brand for Hundreds of Small Producers

- Tokaj is a historic wine region in Northern Hungary.
- The name “Tokaj” is a **Protected Designation of Origin** under EU law; it functions as a specific wine place name that signals specific quality, tradition, and terroir.
- The region’s producers are **overwhelmingly MSMEs**; Tokaj is also a member of the Wine Origins Alliance (WOA) which represents 100,000 wineries and growers globally- mostly MSMEs.

*For Tokaj and many other wine regions, **protecting our place names is not a luxury; it is essential for the survival and growth of hundreds of small businesses** that depend on international trade.*



One of the First Origin Protected Wine Regions of the World: Tokaj



On the **3rd of October in 1737**, VI. king Charles in a royal mandate announced the first demarcation of Tokaj Wine Region creating one of the first origin protected wine regions (PDO) of the world and giving the possibility to those 22 towns to use „Tokaji” name. The viticultural, winemaking and trading rules were specified.



Intellectual Property for Tokaj: Place Names as Collective Assets

- For Tokaj, the core IP is **not a single company's trademark, but the wine place name** "Tokaj" and its different types of wines (Tokaji Aszú, etc.)
- These names are protected, and this protection benefits the consumer by:
 - Guaranteeing that only wines from the classified villages, made from authorized vines and meeting strict production rules, can use the name.
 - Conveying quality, origin, and tradition to consumers worldwide, supporting premium pricing and export growth.
- This system **creates value for hundreds of small family estates**, not just one/few large firms. For us, intellectual property is not a patent or a trademark owned by a single company. It is a **collective asset** linked to a place name, Tokaj, with unique and distinctive characteristics, shared by hundreds of small producers.



From Tokaj to the World: Place Names and Trade

- Wine place names like Tokaj are **strategic economic assets**: they differentiate products in crowded global markets and justify higher prices.
- Effective wine place name protection helps Tokaj SMEs:
 - Access export markets with a clear, trusted identity (truth in labeling)
 - Avoid being diluted or confused with imitation products using “Tokaj” or similar names outside the true region.
- A WOA survey shows **72%** of wine regions cite lack of effective name protection as a major barrier to trade, leading to export declines.
- **Tokaji Aszú and Eszencia** are high-value, niche products whose reputation depends on strict adherence to origin and production rules.
- Without strong international protection, these unique styles **risk being copied or misused**, undermining Tokaj’s SMEs and Hungary’s export revenue.



Challenges in Protecting Tokaj (and Other Wine Place Names) Globally

- **Understanding IP and its relevance**

- Many small Tokaj producers are experts in viticulture and winemaking, but find place name protection systems, international treaties, and enforcement mechanisms complex and legalistic.

- **Identifying which IP to protect**

- Beyond Tokaj itself, there are style names (Eszencia, etc.) and historical terms that must be correctly classified and protected

- **Detecting infringement**

- Monitoring misuse of “Tokaj” on labels, in e-commerce, and in new domain names (.wine, .vin, other gTLDs) requires continuous, cross-border surveillance, which is costly for small regions.

- **Taking action**

- Legal proceedings in foreign countries are expensive, slow, and procedurally difficult for MSMEs, especially when facing larger trade operators.
- A 2026 WOA survey found that labeling requirements and weak name protection collectively create hundreds of millions of dollars in extra costs and lost trade for wine MSMEs.



Recommendation: Make IP Protection Accessible for Tokaj and Other MSMEs

- **Strengthen multilateral recognition and enforcement** for wine place names, so that a name like “Tokaj” enjoys consistent protection across WTO members, reducing the need for case-by-case litigation.
- **Simplify labeling rules** that currently impose disproportionate burdens on small producers; 91% of wine regions flag labeling as a major barrier.
- **Encourage policies and funding** that help wine regional bodies monitor, support, and promote place names on behalf of hundreds of SMEs.
- **Integrate place-name protection into digital trade policies:** work with ICANN and to prevent speculative registration and misuse of wine region names in new domain extensions, as WOA has advocated at ICANN86.
- **Provide targeted capacity-building for MSMEs** so small producers can understand and use IP tools effectively





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