

Are you at risk of your trade mark conflicting with a Geographical Indication?

By Mark Vincent¹

"I can certainly see that you know your wine. Most of the guests who stay here wouldn't know the difference between Bordeaux and Claret" JOHN CLEESE (Basil Fawltly) Fawltly Towers

INTRODUCTION

It is imperative for the producer to have in-depth knowledge of how a consumer selects a bottle of its wine. Well-known wines are often identified by their labels which combine trade marks, other design elements and information about the wine's grapes and origin. Intellectual property in the form of trade marks and Geographical Indications (GI) act to protect the reputation attached to the wine and legally enunciate individual and collective rights. The commercial value of any wine is often heavily based in intangible property, protected through trade marks and GIs. This value in turn results from the association that consumers make about the quality, reputation or other characteristics of the product. Taking advantage of the intellectual property tied to the product can immediately elevate the wine's value to consumers who may then be more willing to pay more for a product. Similarly increasingly sophisticated investors and banks require intellectual property to be properly protected. The overlap between the two forms of intellectual property considered in this article is often confusing, but knowing the distinction is necessary in order to protect intellectual property rights. This article explores:

- 1 what is a trade mark and what is a GI?
- 2 the conflict between a GI and a trade mark
- 3 registering a trade mark and a GI
- 4 consequences for infringing a trade mark or a GI.

WHAT IS A TRADE MARK?

The *Trade Marks Act 1995 (Cth)* defines a trade mark as a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade. The sign being protected as a trade mark may comprise of any letter, word or numeral and includes a brand, packaging, shape and colour. The words and images attached to the trade mark "Lovedale .. Heart of the Hunter", for example is a trade mark. Consumers use trade marks to predict quality and to reduce the time associated with searching the market place for goods they require.

Where an owner can establish ownership of a trade mark through registration, or use in good faith they are granted the exclusive use of the mark. Exclusive use, gives the owner the right to exclusively use, license or sell the trade mark for the relevant goods and services.

WHAT IS A GEOGRAPHICAL INDICATION?

Unlike a trade mark, a GI cannot be created merely by the intention to use the indication and is unable to inherently distinguish an individual's goods. A GI is a name which formally recognises the qualities, reputation or characteristics of the wine which is attributable to the geographical area from which it has derived. A GI is a collective right, owned by a community. Geographical names have been given to winegrowing areas such as Langhorne Creek, Orange, Hilltops, Great Southern, McLaren Vale and the Adelaide Hills.

While GIs have had a long tradition in Europe, the system is relatively new in the area of intellectual property law in Australia. The object of the GI system is to provide the legal means to protect GIs and to prevent any unfair competition and any misleading of the public in respect to the true geographical origin of goods. For wine and spirits, protection is not conditional upon proving that the public is or will be misled by using the GI or whether unfair competition results. As such, traders are denied use of a protected place name that does not reflect the origin of their wine even though it will not mislead the consumer.

CONFLICT BETWEEN TRADE MARKS AND A GI

The rights obtained under a GI and a trade mark often conflict when different interest groups claim to have the exclusive right to use the same name. The *Trade Marks Act* permits registration and use of a trade mark which has similar qualities to a GI providing the distinguishing feature of the mark is not tied to a specific geographical location or region. The trade mark owner must prove that either the goods originated from the identified geographical region; or that the sign is identical with the customary name of a variety of grapes used in the production of the relevant wine; or that the GI has ceased to be protected or has fallen into disuse, or that the trade mark was used in good faith before or on the day which the sign was recognised as a geographical indication. If a trade mark for wine consists of a GI with respect to wine that does not originate from the area indicated by the mark, the trade mark will be refused or invalidated.

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REGISTERING A TRADE MARK – WHAT THIS INVOLVES:

Any person may register a trade mark provided that they are the owner. To be capable of registration the mark must be able to be represented by a word or picture and be specific and distinctive enough to distinguish the owner's goods and services from the goods and services of others.

A trade mark will not be registered if the mark is scandalous or against the law as well as any sign deemed identical or similar to a pending or registered mark, or if the mark is likely to deceive or cause confusion. Scandalous marks are swear words or any words that are deemed offensive. Marks that are against the law include racist words.

Registering a trade mark involves selecting the appropriate class under which your mark will be used and protected and undertaking searches to ensure your proposed mark does not infringe another mark or GI. To reduce risk, a specialist legal practitioner can evaluate your mark and undertake the registration or enforcement process on your behalf.

Searches in important export markets are a good idea as it is expensive to run with different brands for the same wine where that brand is not available in a given export market.

REGISTERING A GI

The steps involved with registering a GI include:

- a Submit an application to the Geographical Indications Committee (GIC) for an interim determination. This application must specify the area and the name of the GI together with support material demonstrating the existence of the outlined criteria including the history, geology, climate, harvest dates and traditional use of the area and its name;
- b The GIC consults wine grape growers, winemaker organisations and other appropriate organisations and persons providing them with the opportunity to respond to the application;
- c In response to any objections raised, the applicant is given an opportunity to provide supplementary material;
- d The GIC makes a determination about the name and the boundary of the GI;
- e Interested parties have 28 days to apply the Administrative Appeals Tribunal (AAT) for a review of the determination;
- f The GI is placed under the Register of Protected Names and is protected from the date of acceptance;
- g An appeal can be lodged at the Federal Court but only on questions of legal interpretation.

Registration of a GI minimises the misuse of the reputation of a product by competitors outside the protected geographical area. As boundaries create social, political and economic implications, defining a geographical area is not always simple. Under the *AWBC Act*, a GI is based on a zone, region or sub-region, determined according to a description of the proposed boundary. There are currently 28 zones and 69 regions and sub-regions registered as GIs in Australia.¹ But historical boundaries change especially as land owners sell or sub-divide their property. A boundary may dissect a

region and preclude a wine producer from using a GI even though the regions are 1km apart and have the same landscape, soil and grape variety.

To register or use a protected place name, the *AWBC Act* specifies that the wine must consist of a minimum of 85% of grapes from the specified region. There are no restrictions or requirements in relation to grape variety, soil type, minimum or maximum degree of alcohol and other such factors. However, only individual winemakers and grapegrowers or organisations declared or representing winemakers and grapegrowers can register a GI (s40R *AWBC Act*).

A common problem arises due to the relatively recent adoption (as compared to Europe) of GI's in Australia is the prior registration by one or more winemakers of trade marks which contain the name of the region. Thus a proposed GI sometimes conflicts with an earlier trade mark registration. Under the *Australian Wine and Brandy Corporation Act 1980 (Cth)* (AWBC), an application for a GI will not be accepted until the owner of the conflicting trade mark has had an opportunity to object to the proposed GI. If the trade mark consists of a word or expression that is identical or is likely to cause confusion with the proposed GI, the application for the GI might be refused.

CONSEQUENCES FOR INFRINGING ON A TRADE MARK OR A GI

Misuse of a trade mark can cause confusion in the minds of the public and dilute the value of the mark. A registered trade mark gives the owner the right to take court action to stop others using the mark inappropriately. Any attempt to deceive or confuse the consumer by registering a mark with characteristics which indicate a geographical indication but whose origin does not correspond with the indication will be rejected pursuant to the *Trade Marks Act 1995 (Cth)* and the *AWBC Act*.

If a trader attempts to mislead a consumer by using a false and misleading name on the wine, action may be taken under the *Trade Practices Act 1974 (Cth)*. Section 52 of the *Act* stipulates that a "corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive." Sanctions will range from court injunctions to prevent unauthorised use, to the payment of damages and substantial fines.



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If the mark is not registered, common law rights permit you to take a passing off action against a person using a mark inappropriately.

Making a claim under the *Trade Practices Act 1974 (Cth)* or the common law is more onerous, than under the *Trade Marks Act* as the individual making the complaint would have to prove that a reputation exists in the market place and that confusion has resulted. This need to prove reputation and confusion does not apply in the case of infringement of a registered trade mark where a comparison between the registered mark and the infringer's mark is made to determine deceptive similarity.

CONCLUSION

Intellectual property rights enable wine producers to realise the full commercial and economic potential in a product. Intellectual Property rights are one of the most important assets for producers and can be used as a source of competitive advantage in the marketplace. A trade mark or a GI can highlight and protect the reputation attached to the wine, which will ultimately increase revenue for the producer. Many wine consumers domestically and internationally are quite familiar with associating wines with GIs. GIs offer a very important means for Australian winemakers to develop markets for their wines. Our GI regime may not have the history of the French Appellations but educating consumers as to the qualities of Clare Riesling or Coonawarra Cabernet Sauvignon is ultimately to the benefit of all Australian winemakers. It allows consumers to learn more about

Australian wines and to explore new brands with some confidence about the characteristics of the wines.

Before spending money designing a brand and applying for a trade mark or a geographical indication, legal advice should be sought to determine whether any conflict exists. You may only use geographical names for wine or spirits if they originate from the place indicated by the geographical name, even though the use may not be misleading. Registration of a trade mark may be refused if the mark is in conflict with a geographical indication. A mark that is already registered or in existence through use may not automatically be invalidated. Non compliance with the *AWBC Act* and breaches of the *Trade Marks Act* and the *Trade Practices Act* can lead to legal action. The earlier a trade mark or a GI is registered, the greater protection one has over the intellectual property.

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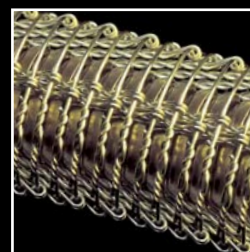
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