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Protected names for wine brands – which name not to choose
by Samantha Christie

A Victorian winemaker has the idea of using the name SAND HILLS for her new red wine. The winemaker runs this idea past her marketing people and they do the usual checks to see if the name is available for use. At first glance, use of this name appears to present no problems as:

market research does not reveal anyone else using this name;

the wine is not usually grown among sand hills, so the name does not appear descriptive;

the name (or one similar to it) is not already registered as a trade mark by a third party; and

market research also shows use of this name will not otherwise be misleading and in breach of consumer protection laws.

However, when using wine names or seeking to register them as trade marks, the matter is not so simple. The issue of registered geographical indications for wines must also be considered – even in a case where the proposed name has a perfectly innocent meaning in the English language and does not appear geographical in nature.

In the case of SAND HILLS, because Sand is a registered protected name, intentional use of SAND HILLS by our Victorian winemaker will likely be illegal if the grapes from which the wine is made do not come from the area of Sand in Germany for which the name is registered. The same principle applies to the use of numerous other protected names for wine, such as the words DOCTOR, ST. MARTIN, and BARON.

Register of Protected Names

Anyone dealing commercially with wine should also consult the Register of Protected Names (Register) to determine if use of a proposed wine name or any component word will be illegal. The Register of Protected Names resulted from Australia's wine agreement with the European Union. It is maintained by the Australian Wine and Brandy Corporation (AWBC). The Register records and protects (among other things) Australian and European Union geographic regions of origin for wines. These registered geographic names are known as Geographical Indications (GIs). The rationale behind the Register is to officially protect the GIs so that (subject to limited exceptions) only wine made from grapes grown in the GI region can be 'described or presented' (see below) using the registered Geographical Indication.

In the example given above, Sand is a GI registered for the German region of Rheinhessen. As our Victorian winemaker will not be using grapes grown in Rheinhessen to make her SAND HILLS red, but rather her own local grapes, she will (subject to limited exceptions) be committing an offence if she intentionally sells, imports or exports her SAND HILLS wine. This offence is one of strict liability and applies regardless of whether or not SAND HILLS is registered as a trade mark.

Practical implications

What does this mean in practice for winemakers and marketers?
An offence will be committed if wine is intentionally sold, exported or imported with a 'false description and presentation'. Under the Australian Wine and Brandy Corporation Act 1980 (Cth) (AWBC Act), the 'description and presentation' of wine is false if it includes a registered GI and the wine did not originate in the country, region or locality in relation to which the geographical indication is registered. A wine can be said to 'originate' from a particular place if the grapes used in making the wine come from that place. The AWBC1 take the view that, in practice, a wine that carries a GI must consist of a minimum of 85 per cent of fruit grown from the region for which the GI is registered. While the Regulations to the AWBC Act provide for an 85 per cent rule for the separate offence of intentionally selling, exporting or importing wine with a 'misleading description and presentation', it is (somewhat inconsistently) arguable that this 85 per cent rule does not apply to the offence of intentionally selling, importing or exporting wine with a false description and presentation. This is because there is no express 15 per cent leeway in the definition of 'originates' in the AWBC Act.

The question of whether a wine labelled with a GI will be 'falsely described and presented' under the AWBC Act when only 85 per cent of the grapes it is made from come from that GI region has not been tested in the courts. The issue of whether such labelling would be considered misleading and deceptive under the Trade Practices Act 1974 (Cth) or the relevant Fair Trading Acts should also be considered if such labelling gives the impression that the whole contents of the bottle come from the named GI region.

The AWBC has indicated that they will seek amendments to the AWBC Act and/or Regulations to clarify the issue of when a wine can be said to originate from a particular place. In practical terms, as noted above, selling a wine labelled with the word SAND, whether as part of a trade mark or in another context, would therefore be a problem if the grapes used are not from Rheinhessen. But the issue goes well beyond what is on the label of the wine bottles.

Description and presentation

Description and presentation is defined very broadly in the AWBC Act to mean:

All names (including business names) or other descriptions, references (including addresses), signs, designs and trade marks used to distinguish the wine and appearing:

- on the container (including on the device used to seal the container or on a label affixed to the container), on any tag attached to the container or, if the container is a bottle, on the sheathing covering the neck of the bottle; or

- on protective wrappings (such as papers and straw envelopes of all kinds), cartons and cases used in the packaging of the wine or the transport of the wine; or

- in documents relating to the transport of the wine or in other commercial documents (for example, invoices or delivery notes) relating to the sale or transport of the wine; or

- in advertisements relating to the wine.

This definition will cover all relevant commercial uses of SAND HILLS, not just use on the bottle label. An offence could therefore be committed even before bottles labelled 'falsely' with a registered GI reach the retail market.

Another thing to be aware of is that the offence can be committed by any person commercially dealing with a wine with a false description and presentation, and not just by the wine manufacturers. There is therefore potential liability for third parties (such as retailers, restaurateurs, advertisers) who may seek contribution from the maker of SAND HILLS in the event they face legal action as a result of dealing with the SAND HILLS product.

So if SAND is used in relation to the wine in the ways noted above under the heading 'Description and presentation', and the wine (not originating in the German region of Rheinhessen) is intentionally sold, exported or imported, the AWBC Act will likely be contravened2.

Sanctions

Contravention of the AWBC Act may amount to an offence or give rise to a civil action.

Offences
Prosecution of an offence under the AWBC Act may result in imprisonment and/or a fine. The penalty under the AWBC Act for intentionally selling, importing or exporting wine with a false description and presentation is imprisonment for two years, and the Crimes Act 1914 allows a court to impose an appropriate fine instead of, or in addition to, a term of imprisonment. Currently, the maximum fine that can be imposed on an individual is $13,200 and $66,000 for a body corporate.

Civil right of action

The AWBC Act also allows application to the Federal Court for an injunction to restrain conduct in contravention of the AWBC Act, or to require performance of particular acts. Apart from being expensive to defend, an application for an injunction, or indeed any legal action, may give rise to negative publicity for the wine manufacturer.

Any interested party, located in Australia or overseas, can bring proceedings in relation to contravention of the AWBC Act. This is what happened in the La Provence case4, where public bodies from the French region of Provence brought legal action under the AWBC Act against the husband and wife owners of a Tasmanian vineyard who were selling wine under the name ‘La Provence’. In this case, the main focus was on whether the Tasmanian husband and wife winegrowers knowingly used the GI ‘Provence’ in contravention of the AWBC Act.

The judge held that the winegrowers had not knowingly sold their wine with a false description and presentation as they were not aware of the existence of the Register, nor the fact that it contained the name ‘Provence’ as a GI. The judge therefore refused to grant an injunction against the winegrowers requiring them to stop selling their wine on the basis that knowledge acquired after the court proceedings had commenced was insufficient to support such an order. In practical terms, however, the winegrowers would likely have had to change their wine labelling as they would no longer be able to rely on the defence of not knowing that ‘Provence’ was a registered GI.

The AWBC Act has since been amended to substitute ‘intention’ for the ‘knowledge’ element as a result of standardisation of fault elements by the Criminal Code Act 1995 (Cth). The fault element of intention is the direct Criminal Code equivalent of ‘knowingly’ where the latter is applied to physical elements of conduct.

Use of non-registered trade mark

As noted above, the relevant offence is to intentionally sell, export or import wine with a false description and presentation. The AWBC Act's extensive definition of 'description and presentation' would include use of an unregistered trade mark. This means that dealing commercially with the SAND HILLS wine (assuming the wine is not sourced from the GI region of Rheinhessen in Germany) will still likely contravene the AWBC Act, regardless of whether or not trade mark registration has been sought for SAND HILLS.

Seeking trade mark registration

If trade mark protection is sought for SAND HILLS, the Australian Trade Marks Office will likely object to the application unless our winemaker agrees that SAND HILLS will only be used in relation to wine originating in the German region of Rheinhessen. Such an objection would be based on the ‘contrary to law’ provision in the Trade Marks Act. This provision requires that an application for the registration of a trade mark must be rejected if its use would be contrary to law. Unless the SAND HILLS wine is sourced from Rheinhessen, as discussed above, use of SAND HILLS for the wine will likely be in breach of the AWBC Act, and thus ‘contrary to law’. Southcorp Wines’ 1998 trade mark application for QUEEN ADELAIDE REGENCY for wines was rejected on this basis, despite Southcorp having two longstanding registrations for trade marks that include the words QUEEN ADELAIDE.6 Both of these registrations predate Australia’s wine agreement with the European Union. Southcorp’s QUEEN ADELAIDE REGENCY application was rejected on the ‘contrary to law’ basis, even though Southcorp argued that its trade mark referred to the consort of King William IV, rather than the registered geographical area of Adelaide in South Australia. This is a good example of the applicability of the AWBC Act to use of a word having a non-geographical meaning and used in a non-geographical context.

Summary

When use of any wine name is contemplated, the Register of Protected Names should be considered early on in the brand development process. Even a seemingly innocuous wine brand such as SAND HILLS or a wine name that is not intended to signify a locality, such as QUEEN ADELAIDE, should be checked against the Register. In particular, it is necessary to check each word, eg Sand and Hills, separately against the Register and not just the combined term, eg SAND HILLS. This could save an unnecessary waste of time and resources resulting from an unusable brand, and ensure that the wine will not need to be withdrawn from the market or relabelled. Consulting the Register of Protected Names could also save the expense of an unsuitable application to register the wine name as a trade mark.
There are limited exceptions to the GI rules, and these can be explored if the wine brand in question is still of interest, notwithstanding issues raised by the GI rule. Use of alternatives to a trade mark such as SAND HILLS may also raise issues under the AWBC Act if they can be said to be so closely resembling a registered GI that any of them are likely to be mistaken for the GI, and the wine does not originate from the country or region in relation to which the GI is registered. Care therefore also needs to be taken when considering alternatives to wine brands that raise GI issues.

References


3. Re Application by Southcorp Wines Pty Ltd 50 IPR 655.