PROSIT TO PROSECCO! ON SPARKLING WINE AND GEOGRAPHICAL INDICATIONS

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Since its 2009 adoption of 'Prosecco' as a geographical indication ('GI') for Italy, the European Union ('EU') has sought, and continues to seek, its protection worldwide. Australia, itself a sizeable prosecco producer, has opposed this movement, because it recognises Prosecco as a grape variety, rather than a GI. The grape variety objection has since dominated critique of the EU–Australia stand-off. However, it is only one aspect of the wine GI regime, which includes various rules and exceptions, as well as important interplays between national, supranational (EU) and international levels. This article considers the object and purpose of these multi-level regimes in their determination of GIs, as well as permissible exceptions to wine GI status. It offers a holistic understanding of the wine GI regime and its application to Prosecco. In doing so, it brings to bear the conflicting approaches to wine GIs that will make it difficult to reconcile the EU and Australian position on Prosecco, even with the help of international law.

I INTRODUCTION

Some of the world's most famous products are known almost exclusively by their geographical indication ('GI'). Few people, for example, will relate to 'blue sheep-milk's cheese', but everyone is on the same page at a mention of roquefort (at least in terms of subject matter). The same is true for products like champagne, Darjeeling tea or tequila. Yet the geographical indications for such products do not merely serve as a quick point of reference. GIs identify the geographical area from which a product originates, in that its quality, reputation or characteristics are

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attributable to that area.[1] GIs thus tie a product to the land, or at least to an identifiable geographical area. The effect of their registration is to protect the indication exclusively for those producing the product within the designated area in its labelling, advertisement and sale,[2] and prevent imitators from benefiting from its name.[3] The main practical consequence of obtaining GI status is that producers *outside* the identified geographical area can no longer use the protected name.[4]

Amongst products eligible for GI status, few have a greater intrinsic link with the land — whether real or perceived — as wine. This is why, at both national and international levels, separate wine GI systems and regulations have been adopted.[5] Wine GIs are also amongst some of the more controversial geographical indications in existence.[6] Their systems of protection reveal a clash of philosophies between 'Old World' Europe, which emphasises history, tradition and protection of its age-old wine culture,[7] and producers from other parts of the world (often called the 'New World'[8]) where industry development is valued,[9] and where GIs

1 As will become clear below, definitions of a GI vary, but under the law of the World Trade Organisation, GIs are 'indications which identify a good as originating in the territory of a Member [state], or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin': *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 1C ('*Agreement on Trade-Related Aspects of Intellectual Property Rights*') art 22.1 ('*TRIPS*'). See also Hazel Moir, 'Geographical Indications: An Assessment of EU Treaty Demands' in Annmarie Elijah et al (eds), *Australia, the European Union and the New Trade Agenda* (ANU Press, 2017) 121, 122.

2 Moir (n 1) 122.

3 Oskari Rovamo, 'Monopolising Names? The Protection of Geographical Indications in the European Community' (Pro Gradu Thesis, Helsinki University, August 2006) 13 <https://helda.helsinki.fi/handle/10138/21550>.

4 Ritika Banerjee and Mohar Majumdar, 'In the Mood to Compromise? Extended Protection of Geographical Indications under TRIPS Article 23' (2011) 6(9) *Journal of Intellectual Property Law and Practice* 657, 658.

5 Note that separate systems also exist for other spirits, but these are beyond the scope of this article.

6 See, eg, Kal Raustiala and Stephen R Munzer, 'The Global Struggle over Geographic Indications' (2007) 18(2) *European Journal of International Law* 337, 339; Peter Van den Bossche and Werner Zdouc, *The Law and Policy of the World Trade Organization: Text, Cases and Materials* (Cambridge University Press, 4th ed, 2017) 1031.

7 See generally Andrea Zappalaglio, *The Transformation of EU Geographical Indications Law: The Present, Past and Future of the Origin Link* (Routledge, 2021) ch 4; Sarah A Hinchliffe, 'Trademarks, GIs, and Commercial Aspects of Wine Distribution Agreements' (2014) 10(1) *Journal of Food Law and Policy* 107.

8 Note that the Old World/New World terminology itself is contentious due to its European origins and because it is said to no longer adequately reflect the wine market: see Glenn Banks and John Overton, 'Old World, New World, Third World? Reconceptualising the Worlds of Wine' (2010) 21(1) *Journal of Wine Research* 57.

9 Hinchliffe (n 7) 134.

link more specifically to the place where the grapes are grown.[10] These different perspectives have now lead to a 'war' between the EU and Australia over the status of the name Prosecco as used in relation to a sparkling wine.[11] The EU deems Prosecco an Italian GI and is seeking its protection via the EU–Australia Free Trade Agreement currently being negotiated,[12] or another bilateral agreement. Australia, for its part, is not inclined to give up a name on which a growing $60 million wine industry depends, and which it recognises as a grape variety, rather than a GI.[13] For the moment, the *Wine Australia Regulations 2018* (Cth) ensure the continued use of 'Prosecco' in Australia.[14] However, if the EU is successful in negotiating for GI status, Australian wine producers will no longer be able to use the name, thereby likely causing the demise of the Australian prosecco market, which relies on it.[15]

The main objection to the EU's position is that there is no evidence that Prosecco was ever considered as anything other than a grape varietal, until in 2009 Italy unilaterally decided (and the EU subsequently approved) that Prosecco was to be a GI and the grape variety to henceforth be known as 'Glera'.[16] Prosecco's grape variety status, albeit of key importance, is nonetheless only one aspect of the wine

10 Cf Friedmann, who suggests that place of origin is principally important for the Old World whereas the New World approach favour more general trademarks: Danny Friedmann, 'Geographical Indications in the EU, China and Australia: WTO Case Bottling Up Over Prosecco' in Julien Chaisse (ed), *Sixty Years of European Integration and Global Power Shifts: Perceptions, Interactions and Lessons* (Hart Publishing, 2019) 411, 416. See also Antony Taubman, Hannu Wager and Jayashree Watal (eds), *A Handbook on the WTO TRIPS Agreement* (Cambridge University Press, 2012) 77.

11 Chris Horseman, 'Prosecco and Gorgonzola Wars: How Europe's GIs are Complicating FTA Talks with Australia and New Zealand', *Borderlex* (online, 16 April 2019) <https://www.borderlex.net/2019/04/16/Prosecco-and-gorgonzola-wars-europes-gis-complicating-fta-talks-australia-new-zealand/>.

12 Although Prosecco has not been included on the published list of terms, the EU still seeks its inclusion: Evidence to Senate Committee on Foreign Affairs, Defence and Trade Legislation, Parliament of Australia, Canberra, 24 October 2019, 155–6 (Simon Birmingham, Minister for Trade, Tourism and Investment). See also the suggestive language used in Ian Zhou and Rob Dossor, 'Geographical Indications and the Australia–EU Free Trade Agreement' (Research Paper, Parliamentary Library, Parliament of Australia, 2 July 2021) 3.

13 See Commonwealth, *Parliamentary Debates*, House of Representatives, 25 October 2017, 12113–16 (Cathy McGowan). Toohey states that the Prosecco grape variety is experiencing 'astronomical growth', although its export share remains 'very small': Lisa Toohey, 'Wine Law in Australia: Challenges of Local Identity in a Global Marketplace' in Julien Chaisse, Fernando Dias Simões and Danny Friedmann (eds), *Wine Law and Policy: From National Terroirs to a Global Market* (Brill Nijhoff, 2021) 175, 192, citing 'Prosecco: A Rising White Grape in Australia', *Wine Australia* (Bulletin, 20 August 2019) <https://www.wineaustralia.com/news/market-bulletin/issue-170>.

14 *Wine Australia Regulations 2018* (Cth) s 30 ('*Wine Australia Regulations*').

15 Fiona Breen, 'What's in a Name? The Fight for a Sparkling Wine Variety is Proving Not So Sweet', *ABC News* (online, 31 August 2018) <https://www.abc.net.au/news/2018-08-31/australian-prosecco-success-sees-italy-stake-a-claim-on-name/10168914>.

16 Mark Davison, Caroline Henckels and Patrick Emerton, 'In Vino Veritas? The Dubious Legality of the EU's Claims to Exclusive Use of the Term "Prosecco"' (2019) 29(3) *Australian Intellectual Property Journal* 110, 110–13; Friedmann (n 10) 424–6.

GI regime, which includes various rules and exceptions, as well as important interplays between national, supranational (EU) and international levels. This article considers the object and purpose of these different wine GI regimes in their determination of GIs, as well as permissible exceptions to GI status, offering a holistic understanding of the wine GI regime as it applies to Prosecco. In doing so, it brings to bear the conflicting approaches to wine GIs that will make it difficult to reconcile the EU and Australian position on Prosecco, thereby bidding the intervention of international law.

Following this introduction, Part II provides a brief discussion of Prosecco's changed status from widely recognised grape varietal to contested Italian GI. Part III discusses the Australian wine regime and its application to Prosecco. Part IV does the same for the EU regime. In view of the incompatibilities between these two regimes, Part V turns to the international regime, specifically the *Agreement on Trade-Related Aspects of Intellectual Property Rights* ('*TRIPS*'),[17] to examine whether it can offer a solution. This is followed by a short conclusion in Part VI.

II PROSECCO: A (POTENTIAL) GEOGRAPHICAL INDICATION?

On 27 March 2009, the Italian Ministry of Agricultural, Food and Forestry Policies gazetted a decree to announce the insertion of the grape variety name 'Glera' into the national register of grape varieties as a synonym (*sinonimo*) 'for the variety' (*per la varietà*) Prosecco.[18] Noting this modification to the register of grape varieties, a further decree in 2009 declared 'Prosecco' to henceforth be an Italian GI for a sparkling wine made of Glera grapes in an expansive region including the town of Prosecco.[19] Four months later, the EU confirmed the designations of

17 This article will not look at the notion of technical barriers to trade, which has been considered elsewhere: see Davison, Henckels and Emerton (n 16) 122–4; 'Prosecco Legislation to Be Investigated in New Study' (2020) 673 *Australian and New Zealand Grapegrower and Winemaker* 19.

18 Direttore generale dello sviluppo rurale, delle infrastrutture e dei servizi [General Director of Rural Development, Rural Infrastructure and Services], 'Modificazioni al registro nazionale delle varietà di viti' [Amendments to the National Register of Vine Varieties] in Italian Republic, *Gazzetta Ufficiale della Repubblica Italiana* [Official Gazette of the Italian Republic], No 146, 26 June 2009, 92 <https://www.gazzettaufficiale.it/eli/id/2009/06/26/09A07121/sg>. For a timeline of ministerial decrees recognising Prosecco as a varietal, and an allegation of transmogrification, see Sam Hill, '"dalle uve del vitigno Prosecco": Italian Government Decrees Referring to Prosecco' (Research Paper, 17 May 2019) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3444265>.

19 Capo dipartimento delle politiche di sviluppo economico e rurale [Head Department of Economic and Rural Development Policies], 'Riconoscimento della denominazione di origine controllata dei vini «Prosecco», riconoscimento della denominazione di origine controllata e garantita dei vini «Conegliano Valdobbiadene-Prosecco» e riconoscimento della denominazione di origine controllata e garantita dei vini «Colli Asolani-Prosecco» o «Asolo-Prosecco» per le rispettive sottozone e approvazione dei relativi disciplinari di produzione' [Recognition of the

'Prosecco', 'Conegliano Valdobbiadene-Prosecco', 'Colli Asolani-Prosecco' and 'Asolo-Prosecco' as GIs.[20] It observed that 'the vine variety "Prosecco" is now renamed "Glera"' under the Italian decree,[21] and advised that '[t]o prevent confusion between the name of the protected designation of origin "Prosecco" and the name of the vine variety' a modification to its regulations on grapevine products and oenological practices was called for.[22] This modification required that the name Glera be inserted in the list of grape varieties, and the term 'Prosecco' deleted.[23]

The grape variety Prosecco is popularly thought to have originated in the town of the same name, though more recent analysis suggests that the village of Prosecco was only a stopover on the variety's migration from Istria to Fruili.[24] Contrary to 'Glera', Prosecco enjoys strong historical recognition as a grape variety, including in the Italian Department of Agriculture's own 1966 authoritative wine tome.[25] Its historical use, as well as that of the name Glera, was examined in a 2019 study by Davison, Henckels and Emerton.[26] After reviewing leading reference works on grape varieties and Italian publications spanning a period in excess of 100 years, the authors concluded that there had been only rare historical reference to Glera as a grape variety prior to 2009, and that the varietal name historically used had been

Controlled Designation of Origin of 'Prosecco' Wines, Recognition of the Controlled and Guaranteed Designation of Origin of 'Conegliano Valdobbiadene-Prosecco' Wines and Recognition of the Controlled and Guaranteed Designation of Origin of 'Colli Asolani-Prosecco' or 'Asolo-Prosecco' Wines for the Respective Sub-Areas and Approval of the Related Production Regulations] in Italian Republic, *Gazzetta Ufficiale della Repubblica Italiana* [Official Gazette of the Italian Republic], No 173, 28 July 2009, 35 <https://www.gazzettaufficiale.it/eli/id/2009/07/28/09A08700/sg>.

20 *Commission Regulation (EC) No 1166/2009 of 30 November 2009 Amending and Correcting Commission Regulation (EC) No 606/2009 Laying down Certain Detailed Rules for Implementing Council Regulation (EC) No 479/2008 as Regards the Categories of Grapevine Products, Oenological Practices and the Applicable Restrictions* [2009] OJ L 314/27.

21 Ibid Preamble para 2.

22 Ibid.

23 Ibid art 1(3). The relevant list is the 'List of Vine Varieties Grapes of Which May Be Used to Constitute the Cuvée for Preparing Quality Aromatic Sparkling Wines and Quality Sparkling Wines with a Protected Designation of Origin': *Commission Regulation (EC) No 606/2009 of 10 July 2009 Laying down Certain Detailed Rules for Implementing Council Regulation (EC) No 479/2008 as regards the Categories of Grapevine Products, Oenological Practices and the Applicable Restrictions* [2009] OJ L 193/1 annex II app 1 ('*Grapevine Regulation 2009*').

24 Jancis Robinson, Julia Harding and José Vouillamoz, *Wine Grapes: A Complete Guide to 1,368 Vine Varieties, Including Their Origins and Flavours* (Allen Lane, 2012) 854.

25 Commissione per lo studio ampelografico dei principali vitigni ad uva da vino coltivati in Italia, Direzione Generale della Produzione Agricola, Ministero dell'agricoltura e delle foreste [Commission for the Ampelographic Study of the Principal Wine Grape Varieties Grown in Italy, Director General of Agricultural Production, Ministry of Agriculture and Forestry], *Indici dei principali vitigni da vino coltivati in Italia e guida viticola d'Italia* [Indices of the Principal Wine Grape Varieties Grown in Italy and a Viticultural Guide of Italy], ed I Cosmo (Grafiche Longo and Zoppelli, 1966) vol 5, cited in Davison, Henckels and Emerton (n 16) 117.

26 Davison, Henckels and Emerton (n 16).

Prosecco.[27] Prosecco is also recognised as a grape variety name by the International Organisation of Vine and Wine ('OIV'),[28] whose 48 members include most of the world's wine-producing countries. Its inclusion on the OIV's *International List of Vine Varieties and their Synonyms* is particularly salient, as varieties included on the list are officially allowed to be stated on wine labels in Australia and the EU in accordance with prior bilateral agreements discussed below.[29] Furthermore, when in 2021 Australian Grape and Wine Inc objected to the EU's attempt to register Prosecco as a GI in Singapore, the Singaporean Intellectual Property Office relied heavily on the OIV list to find that Prosecco was still a grape variety outside the EU.[30] A Singaporean High Court decision has since rejected registration of Prosecco as a GI,[31] with the EU seeking leave to appeal at the time of writing.[32]

Prosecco's apparent 'transubstantiation'[33] from grape variety to Italian GI caused serious disruption to third-country prosecco producers, who either lost access to the name Prosecco, or to markets for their wines. Croatia, for example, was no longer allowed to use the name *Prošek* for a sweet dessert wine upon accession to the EU, despite evidence that the Croatian wine had been made since Roman

27 Ibid 113, 118.

28 Organisation Internationale de la Vigne et du Vin [International Organisation of Vine and Wine], *International List of Vine Varieties and Their Synonyms* (September 2013) 135 <http://www.oiv.int/public/medias/2273/oiv-liste-publication-2013-complete.pdf>.

29 *Agreement between Australia and the European Community on Trade in Wine*, signed 1 December 2008, [2010] ATS 19 (entered into force 1 September 2010) art 22(1)(a) ('*Australia–EC Wine Agreement 2008*'). See also *Wine Australia Regulations* (n 14) s 25(1); *Commission Delegated Regulation (EU) 2019/33 of 17 October 2018 Supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as Regards Applications for Protection of Designations of Origin, Geographical Indications and Traditional Terms in the Wine Sector, the Objection Procedure, Restrictions of Use, Amendments to Product Specifications, Cancellation of Protection, and Labelling and Presentation* [2019] OJ L 9/2, art 50(1)(b) ('*PDO and PGI Applications Delegated Regulation 2019*').

30 *Consorzio di Tutela della Denominazione di Origine Controllata Prosecco v Australian Grape and Wine Inc* [2021] SGIPOS 9, 5 [20] (Principal Assistant Registrar Tan) (Hearings and Mediation Department of the Intellectual Property Office) ('*AGW Objection*'). The objection ultimately failed in front of the Principal Assistant Registrar, who found that Australian Wine and Grape Inc had not substantiated its claim that confusion would arise (being a requirement under Singaporean law). This finding was, however, overturned on appeal to the High Court: *Australian Grape and Wine Inc v Consorzio di Tutela della Denominazione di Origine Controllata Prosecco* [2022] SGHC 33, [57] (Valerie Thean J) ('*AGW Objection High Court*').

31 *AGW Objection High Court* (n 30) [57].

32 'Singapore Prosecco High Court Action', *Australia Grape and Wine* (Web Page, 3 February 2022) <https://www.agw.org.au/singapore-prosecco-high-court-action/>.

33 Friedmann (n 10) 419.

times[34] (though the tables have now started turning on this matter).[35] Others, like Australia, lost not only access to the European wine market, but also to the markets of countries included in the *Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration* (‘*Lisbon Agreement*’),[36] markets of states with whom the EU had concluded relevant bilateral or multilateral agreements, and those where the EU had been successful in registering GI protection for Prosecco.[37] These included significant and emerging export markets such as Japan, China, Canada, South Africa, Chile and Vietnam.[38] By contrast, very few Italian winemakers were negatively impacted by the change in Prosecco’s status. This was in part due to a second point of contention regarding the Prosecco GI: the substantial area it covers, which includes a number of zones in north-eastern Italy covering a total of 20,000 hectares across nine provinces.[39] It both ‘strategically’ absorbs the town of Prosecco, a suburb of Trieste that is not a significant production area for Prosecco wines and is located in a small carve-out at the very outer end of the GI boundary;[40] as well as almost all of the areas where prosecco is historically produced, such as Veneto.[41] Salient is the fact that the Minister for Agriculture who approved of the application has his home constitution

34 Steven Gallagher, ‘Prošek or Prosecco: Intellectual Property or Intangible Cultural Heritage?’ in Julien Chaisse, Fernando Dias Simões and Danny Friedmann (eds), *Wine Law and Policy: From National Terroirs to a Global Market* (Brill Nijhoff, 2021) 651, 651. See also Anselm Kamperman Sanders, ‘Geographical Indications of Origin: When GIs Become Commodities, All Gloves Come Off’ (2015) 46(7) *International Review of Intellectual Property and Competition Law* 755, 758 (‘When GIs Become Commodities’).

35 Croatia has itself applied for ‘Prošek’ to be recognised as a Protected Designation of Origin (‘PDO’) and the European Commission has published its application for opposition in the Official Journal: *Publication of an Application for the Protection of a Traditional Term Pursuant to Article 28(3) of Commission Delegated Regulation (EU) 2019/33 Supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards Applications for Protection of Designations of Origin, Geographical Indications and Traditional Terms in the Wine Sector, the Objection Procedure, Restrictions of Use, Amendments to Product Specifications, Cancellation of Protection, and Labelling and Presentation* [2021] OJ C 384/6.

36 *Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration,* opened for signature 14 July 1967, 923 UNTS 205 (entered into force 31 October 1973) (‘*Lisbon Agreement*’). The agreement offered extended GI protection to its members (termed ‘European-style’). It also established an international register of GIs, administered by the World Intellectual Property Organisation (‘WIPO’), with registration obligating all members to protect registered GIs within their borders. Due to its stringent rules, the treaty is not widely ratified: see Daniel Gervais, ‘A Look at the Geneva Act of the Lisbon Agreement: A Missed Opportunity?’ in Irene Calboli and Ng-Loy Wee Loon (eds), *Geographical Indications at the Crossroads of Trade, Development, and Culture: Focus on Asia-Pacific* (Cambridge University Press, 2017) 122.

37 See Toohey (n 13) 192.

38 ‘Prosecco: What Is the Deal?’ *Wine Australia* (Article, 1 June 2018) <https://wineaustralia.com/news/articles/prosecco-what-is-the-deal>.

39 Davison, Henckels and Emerton (n 16) 113.

40 Anselm Kamperman Sanders, ‘Geographical Indications as Property: European Union Association Agreements and Investor-State Provisions’ in Irene Calboli and Ng-Loy Wee Loon (eds), *Geographical Indications at the Crossroads of Trade, Development, and Culture: Focus on Asia-Pacific* (Cambridge University Press, 2017) 168, 175.

41 Ibid; Robinson, Harding and Vouillamoz (n 24) 854.

in Treviso (which covers Conegliano and Valdobbiadene), and has since 2010 been the elected governor of the Veneto region.[42]

Many have decried the move by Italy and the EU to turn what was by 2009 universally recognised (including by Italy and the EU) as the name of a grape variety into an Italian GI that covers the entire region where the grape is grown nationally.[43] According to Davison, Henckels and Emerton, it caused the 'unilateral creation of a legal fiction' based on non-existent qualities, designed solely to protect Italian producers from competition.[44] While the outrage may be understandable, especially from the Australian point of view, the real question is whether the move is defensible under applicable GI regimes. This is the question considered in this article with reference to the Australian, EU and international regimes.

III AUSTRALIA'S GI SYSTEM

To fully understand Australia's GI system, as well as the importance it attaches to maintaining grape varietal status for Prosecco in the face of EU attempts to protect the name as a GI, it is helpful to briefly touch upon the history of the Australian system,[45] which is intertwined with trade with the EU and recourse to grape varieties.

A The EU–Australia Wine Agreements

Ironically, Australia's GI system was born out of a desire to enable its wine producers to describe their wines destined for the EU by variety name.[46] Historically, only wines labelled by geographical indication were permitted to include a vintage or variety on their label in the European Communities,[47] and even

42 Stefano Ponte, 'Bursting the Bubble? The Hidden Costs and Visible Conflicts behind the Prosecco Wine "Miracle"' (2021) 86 *Journal of Rural Studies* 542, 545.

43 See, eg, Davison, Henckels and Emerton (n 16) 111–12; Damian Griffante, 'The Prosecco GI Lie' (2020) 35(1) *Wine and Viticulture Journal* 73.

44 Davison, Henckels and Emerton (n 16) 112.

45 For a more detailed overview, see Stephen Stern, 'A History of Australia's Wine Geographical Indications Legislation' in Dev S Gangjee (ed), *Research Handbook on Intellectual Property and Geographical Indications* (Edward Elgar Publishing, 2016) 245 ('A History of Australia's Wine GI Legislation').

46 Friedmann (n 10) 416.

47 See, eg, *Council Regulation (EEC) No 2392/89 of 24 July 1989 Laying down General Rules for the Description and Presentation of Wines and Grape Musts* [1989] OJ L 232/13, arts 26–7, 30–1, as repealed by *Council Regulation (EC) No 1493/1999 of 17 May 1999 on the Common Organisation of the Market in Wine* [1999] OJ L 179/1, art 81; *Commission Regulation (EEC) No 3201/90 of 16 October 1990 Laying down Detailed Rules for the Description and Presentation of Wines and Grape Musts* [1990] OJ L 309/1, art 13 ('*Repealed Wine Presentation and Description Regulation 1990*'), as repealed by *Commission Regulation (EC) No 753/2002 of 29 April 2002 Laying down Certain Rules for Applying Council Regulation (EC) No 1493/1999 as Regards the Description, Designation, Presentation and Protection of Certain Wine Sector Products* [2002] OJ L 118/1, art 48(1).

that practice was subject to further national regulation by member states.[48] Until 1994, Australia did not have a formal GI recognition system in place, and its wines for the European market could therefore not be labelled with a (place) name, vintage or variety. An Australian '1990 Barossa Shiraz', for example, could only be described as a 'Dry Red'. This effectively blocked access to the European market,[49] and drove Australia's willingness to enter into a bilateral agreement aimed at mutual recognition of labelling, winemaking practices and geographical indications.[50] For its part, the EU was keen to protect names it considered to be European property via bilateral agreement, having previously had little success via litigation.[51] The main outcomes of the *Agreement between Australia and the European Community on Trade in Wine* ('*Australia–EC Wine Agreement 1994*') adopted in 1994 were thus the setting up of an Australian GI system (to be established prior to the agreement's entry into force);[52] a bilateral commitment 'to allow the use of the name of a vine variety, or, where applicable, of a synonym, to describe and present a wine';[53] mutual recognition of winemaking practices and simplified certification requirements;[54] and mutual recognition of agreed wine GIs proposed by Australia and the EU respectively.[55] Through the agreement, Australia would gain effective access to the EU market, since Australian wines were now allowed to be labelled with varietal and other claims.[56] Yet on the matter of GIs, Australia had to make considerable concessions, with the agreement fortifying the

48 France, for example, maintained its prohibition on the inclusion of varietal information on certain French wine labels until 2012, when it was forced to implement a further EU regulation that enlarged the scope for all wines to list varieties used: see *Décret n° 2012-655 du 4 mai 2012 relatif à l'étiquetage et à la traçabilité des produits vitivinicoles et à certaines pratiques œnologiques* [Decree No 2012-655 of 4 May 2012 Relating to the Labelling and Traceability of Wine Products and Certain Oenological Practices] (France) JO, 6 May 2012 <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000025804057>.

49 In addition, Toohey notes that Australian producers meanwhile started facing the threat of litigation for their domestic use of European names such as Beaujolais: Toohey (n 13) 187.

50 *Agreement between Australia and the European Community on Trade in Wine*, signed 26–31 January 1994, [1994] ATS 6 (entered into force 1 March 1994) ('*Australia–EC Wine Agreement 1994*'). In the lead-up to the 1994 agreement, a limited list of Australian 'geographical ascription[s]' (explicitly *not* GIs) and wine varieties were accepted for inclusion on EU labels from 1991 onwards, but these were clearly formulated as unilaterally decided exceptions only: *Repealed Wine Presentation and Description Regulation 1990* (n 47) art 13, annexes II, IV. The regulation entered into force on 1 January 1991. Prosecco is not included on the varietal list, which is explicable by the fact that at the time Australia did not export prosecco to the EU.

51 Stern, 'A History of Australia's Wine GI Legislation' (n 45) 258.

52 Toohey (n 13) 187.

53 *Australia–EC Wine Agreement 1994* (n 50) art 11.

54 Ibid arts 4–5, 15–16.

55 Ibid arts 6–14. See also Friedmann (n 10) 416–17.

56 Conditions applied: one variety could be indicated if at least 85% of the wine was obtained from that variety, and up to three varieties in descending order if a minimum 20% was obtained from each variety: *Australia–EC Wine Agreement 1994* (n 50) art 11(1).

protection of European GIs at the expense of the Australian wine industry.[57] The agreement required Australia to adopt a definition of GI proposed by the EU,[58] and GI protection would extend to qualifications of the geographical name like '"kind", "type", "style", "imitation", "method" or the like'.[59] For example, 'Australian Champagne-style wine' could no longer be used, because Champagne would be protected under the treaty together with any qualified use of the name. No exception was carved out for commonly used names ('generic terms')[60] like Burgundy, Port and Sherry,[61] whereas Australia's wine industry had been built on such names. A crucial concession related to the proposed lists of GIs to which mutual protection was to be afforded, which greatly favoured the EU.[62] Australia nominated 423 possible GIs for inclusion,[63] though only a quarter of these were eventually registered.[64] This contrasts with thousands of EU GI nominations,[65] over 2000 of which obtained protection in Australia.[66] As noted above, absent bilateral agreement, many of these EU names 'would … be unlikely to be protected' as GIs,[67] primarily because they included generic names.[68]

The European GIs were divided into three tranches with corresponding, scaled phase-out periods. The first two tranches with names of little economic significance to Australia were protected immediately,[69] and the third tranche with

57 Ryan speaks of '[c]onsiderable sacrifices … for reasons of *Realpolitik*': Des Ryan, 'The Protection of Geographical Indications in Australia under the EC/Australia Wine Agreement' (1994) 16(12) *European Intellectual Property Review* 521, 523 (emphasis in original).

58 *Australia–EC Wine Agreement 1994* (n 50) art 2(2)(b).

59 Ibid art 6(2).

60 Generic terms refer to names that have become common for a category of products, such as mozzarella for a type of cheese, or, some would say, prosecco for a type of sparkling wine.

61 See Commonwealth, *Parliamentary Debates*, House of Representatives, 29 September 1993, 1342 (Simon Crean, Minister for Primary Industries and Energy); Tony Battaglene, 'The Australian Wine Industry Position on Geographical Indications' (Speech, Worldwide Symposium on Geographical Indications, 27–9 June 2005) 5 <http://ompi.ch/export/sites/www/meetings/en/2005/geo_pmf/presentations/doc/wipo_geo_pmf_05_battaglene.doc>.

62 See Stern, 'A History of Australia's Wine GI Legislation' (n 45) 258–60.

63 Battaglene (n 61) 5.

64 As at 2021, Australia still only has 114 registered GIs: see 'Geographical Indications', *Wine Australia* (Web Page) <https://www.wineaustralia.com/labelling/register-of-protected-gis-and-other-terms/geographical-indications>.

65 Commonwealth, *Parliamentary Debates*, House of Representatives, 29 September 1993, 1342 (Simon Crean, Minister for Primary Industries and Energy).

66 See the linked list of 'European GIs': 'Register of Protected GIs and Other Terms', *Wine Australia* (Web Page) <https://www.wineaustralia.com/labelling/register-of-protected-gis-and-other-terms>.

67 Vicki Waye, 'Wine Market Reform: A Tale of Two Markets and Their Legal Interaction' (2010) 29(2) *University of Queensland Law Journal* 211, 212.

68 Stern, 'A History of Australia's Wine GI Legislation' (n 45) 258.

69 Ibid 261.

more significant names like 'Chianti' or 'Madeira' by the end of 1997.[70] Winemakers were also 'put on notice'[71] that a fourth tranche, comprising generic terms like 'Burgundy', 'Champagne' and 'Port' that were in widespread use in Australia and had important economic value, would be removed from use, but no phase-out date was fixed.[72] In 2008 a second EU–Australia treaty was concluded ('*Australia–EC Wine Agreement 2008*'),[73] which set the phase-out date for this tranche at 1 September 2011.[74] The new treaty also reserved a large number of traditional expressions related to production methods or characteristics such as *premier cru* or claret 'for exclusive use by European wine makers'.[75] Here again, the 1994 treaty had served as notice, but negotiations continued given the contention that surrounded EU requests to cede words regarded as generic or standard English in Australia.[76] In most cases, the Australian wine industry responded to the (anticipated) loss of generic names and other descriptions or expressions by reverting to varietal names on their wine labels,[77] as these would now be allowed to be used in the EU.

The 2008 agreement required replacement of the previous GI definition with that included in the *TRIPS* (discussed below).[78] It also addressed some of Australia's concerns by including a short list of specific vine varieties that were also GIs, allowing for continued use of these terms as variety names.[79] Moreover, each of the EU and Australia agreed 'to allow in its territory the use by the other Contracting Party of the names of one or more vine varieties, or, where applicable, their synonyms, to describe and present a wine', provided the names were included in classifications drawn up by any of the OIV, the Union for the Protection of Plant Varieties or International Board for Plant Genetic Resources.[80] As noted above, this should, in principle, apply to Prosecco, which is still recognised as a grape variety for Australia and other countries on the OIV list, and can therefore theoretically be listed on labels of Australian wine destined for the EU as a matter

70 *Australia–EC Wine Agreement 1994* (n 50) art 8. See also ibid.

71 Battaglene (n 61) 5.

72 Commonwealth, *Parliamentary Debates*, House of Representatives, 29 September 1993, 1342 (Simon Crean, Minister for Primary Industries and Energy).

73 *Australia–EC Wine Agreement 2008* (n 29).

74 Ibid art 15(a). The only exception was 'Tokay', which would benefit from a 10-year phase-out from the date of entry into force of the agreement: art 15(b).

75 Waye (n 67) 221; Battaglene (n 61) 5.

76 Stern, 'A History of Australia's Wine GI Legislation' (n 45) 262–3.

77 See, eg, Battaglene (n 61) for Burgundy: at 5.

78 *Australia–EC Wine Agreement 2008* (n 29) art 3(b).

79 Ibid art 22(2), annex VII. Included were widely used varietals such as 'Verdelho', 'Alicante Bouchet' and 'Chardonnay'; the last now leads the Australian white wine market: Wine Australia, *National Vintage Report 2019* (Report, 2019) 10. However, the lack of exemption for generic names was otherwise maintained.

80 *Australia–EC Wine Agreement 2008* (n 29) art 22(1)(a).

of international agreement.[81] Moreover, adopted merely a year before Prosecco's transformation, the 2008 agreement did not seek to amend the mutual recognition of Prosecco as a variety recorded in the 1994 agreement.[82]

The 2008 agreement, with its phasing out of common names and EU appropriation of traditional expressions, has been criticised as one that facilitates EU monopolisation.[83] Further fuelling criticism is that many of Australia's market access gains, which had led it to negotiate with the EU in the first place, have since been diluted by EU market changes responding to the challenge posed by 'simpler and more consumer oriented labelling' from 'New World' countries.[84] Even without these changed circumstances there remains the impression that '[t]he EU's gains in both Wine Agreements … outweighed the Australian ones'.[85] The background to Australia's GI system is therefore that of Australian expansionism meeting European protectionism in search of mutual benefit, but with the EU holding the upper hand in the bilateral negotiations, causing Australian producers to seek recourse in variety labelling as an alternative to the use of GI names. Against this background, GI protection for the Prosecco variety not only affects trade, but also loosens the screws on Australia's safety valve.

B The Australian Regime and Prosecco

Albeit prompted by an agreement with the EU, the Australian wine GI system is in many ways a direct reaction to the European system and its demands, conceived by many as rigid, outdated, suffering from over-regulation, and prone to

81 International agreements take precedence over the EU's secondary legislation, including regulations. For legislation and cases, see Udo Bux and Mariusz Maciejewski, 'Sources and Scope of European Union Law', *European Parliament* (Fact Sheet, June 2022) <https://www.europarl.europa.eu/factsheets/en/sheet/6/sources-and-scope-of-european-union-law#_ftn3>.

82 *Australia–EC Wine Agreement 1994* (n 50) annex II, pt II(A)(V)(A) item 2.2.5. Note that, at the time, Australia did not maintain a national system for grape varieties, instead relying on international recognition, including via the OIV, which it had joined in 1978 and in which context it would have also assented to variety lists containing Prosecco.

83 Waye (n 67) 221.

84 Such as Australia: ibid 225. See also *Council Regulation (EC) No 479/2008 of 29 April 2008 on the Common Organisation of the Market in Wine, Amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and Repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999* [2008] OJ L 148/1; *Council Regulation (EC) No 491/2009 of 2 May 2009 Amending Regulation (EC) No 1234/2007 Establishing a Common Organisation of Agricultural Markets and on Specific Provisions for Certain Agricultural Products (Single CMO Regulation)* [2009] OJ L 154/1.

85 Mariusz Rybak, 'Explaining the European Community–Australia Wine Trade Agreement: Impact of National Preferences on a Change of Scene in Trade Politics' (2012) 11(1) *Studia Humanistyczne AGH* [Contributions to Humanities AGH] 135, 149. See also Ryan (n 57) 523.

protectionism.[86] It was adopted at a time when trade liberalisation and deregulation were high on national and international agendas.[87] Negotiations for the *Australia–EC Wine Agreement 1994*, for example, ran concurrently with those for the establishment of the World Trade Organisation ('WTO') and *TRIPS*, which were aimed at trade liberalisation.[88] The underlying objects of the 1993 amendments to the *Australian Wine and Brandy Corporation Act 1980* (Cth) ('*AWBC Act*'), establishing Australia's sui generis wine GI regime, reflect this.[89] They are to: enable wine labelled by region to be marketed in the EU, facilitate the recognition of Australian and EU GIs, and provide a structure allowing for the definition of Australian wine GIs.[90]

Notably, the Australian system was made to govern a developing wine industry that would be hampered by a 'command-and-control' system with strict requirements like that of the EU (discussed below).[91] It was devised and operates as essentially a free and flexible market, with minimalist regulation,[92] being principally concerned with the geographical region where the grapes are grown, without delving into winemaking processes or product specifications.[93] Beyond trade and flexible operation, Australia's 'major … concern tend[ed] to be that of consumer protection', with GI-related enquiries focused on whether consumers might be misled.[94] This is because, pre-1994, the main legal avenue offering indirect protection to GIs was consumer law, which provided protection where use of a GI name would amount to misleading and deceptive conduct vis-à-vis

86 See Vicki Waye and Stephen Stern, 'The Next Steps Forward for Protecting Australia's Wine Regions' (2016) 42(2) *Monash University Law Review* 458, 466; Peter Drahos, 'Sunshine in a Bottle? Geographical Indications, the Australian Wine Industry, and the Promise of Rural Development' in Irene Calboli and Ng-Loy Wee Loon (eds), *Geographical Indications at the Crossroads of Trade, Development, and Culture: Focus on Asia Pacific* (Cambridge University Press, 2017) 259, 259–61.

87 Waye and Stern (n 86) 467.

88 Drahos (n 86) 260.

89 See Ryan (n 57) 522–3; Waye (n 67) 213.

90 Explanatory Memorandum, Australian Wine and Brandy Corporation Amendment Bill 1993 (Cth) 2 [5]. The objects provision ultimately adopted alludes to the same, albeit in far more indirect language, referring, for example, to the promotion of export and sales of Australian wine: see *Australian Wine and Brandy Corporation Act 1980* (Cth) s 3, as amended by *Australian Wine and Brandy Corporation Amendment Act 1993* (Cth).

91 Drahos (n 86) 261. See also Ryan (n 57) 523.

92 Michael Handler, 'Rethinking GI Extension' (Research Paper No 80, Faculty of Law, University of New South Wales, 2016) 9 ('Rethinking GI Extension'). Note, though, that the flexibility and limited rules have led to accusations that the system is 'bedevilled by administrative complexity and uncertainty, legal conflict and disputation, and social disruption': Matthew Rimmer, Submission No 7 to Joint Standing Committee on Treaties, Parliament of Australia, *Agreement between Australia and the European Community on Trade in Wine* (2009) 23.

93 Drahos (n 86) 264.

94 Michael Handler, 'The EU's Geographical Indications Agenda and Its Potential Impact on Australia' (2004) 15(3) *Australian Intellectual Property Journal* 173, 179.

consumers.[95] At its core, the Australian GI system is therefore one based on correct indications of source and the combatting of deception,[96] with protections in relation to sale, export and import offered 'for the purpose of enabling Australia to fulfil its obligations under prescribed wine-trading agreements and other international agreements'.[97]

Given this context, as well as the reliance on grape varieties as neutral descriptors where names have been conceded, it comes as no surprise that a 2010 application to register Prosecco as a GI on the Australian Register of Protected Geographical Indications and Other Terms ('Register') did not receive a warm welcome. On 1 April 2010,[98] the European Commission ('EC') submitted an application to the Register for the term Prosecco to be listed as a GI for Italy.[99] The Winemakers' Federation of Australia ('WFA') subsequently lodged an objection, successfully arguing that Prosecco is 'used in Australia … as the name of a variety of grapes',[100] and had been so used for many years.[101] This meant, as further discussed below, that, under Australian law, GI status could not be obtained. Since the legal action, *Re Objection to the Determination of Prosecco as a Geographical Indication under the Wine Australia Corporation Act 1980 (Cth) by the Winemakers' Federation of Australia* ('*Prosecco Decision*'),[102] related only to the grape variety objection, the Deputy Registrar did not consider whether Prosecco met the requirements of Australian GIs at all (though the WFA had suggested it did not),[103] or whether other objections, such as that related to common names, could also be made out.[104] The next sub-sections engage with these questions, examining how Prosecco would fare under the Australian GI system.

95 Stern, 'A History of Australia's Wine GI Legislation' (n 45) 253–4. Prior to the GI regime's adoption, protection of wine region names was governed by trademark legislation, the common law tort of 'passing off' or its equivalent under competition and consumer law: at 247–8, 252–6. Stern reports a period of significant litigation and negotiation by the Institut National de Appellations d'Origine [National Institute of Appellations of Origin] seeking to protect French GIs in Australia prior to the *Australia–EC Wine Agreement 1994*: at 252–8.

96 See generally *Wine Australia Act 2013* (Cth) pt VIB ('*Wine Australia Act*').

97 Ibid s 40A(a).

98 Perhaps not the most auspiciously chosen date for such an enterprise.

99 *Re Objection to the Determination of Prosecco as a Geographical Indication under the Wine Australia Corporation Act 1980 (Cth) by the Winemakers' Federation of Australia* [2013] ATMOGI 1, [1] (Deputy Registrar Arblaster) ('*Prosecco Decision*').

100 *Wine Australia Corporation Regulations 1981* (Cth) reg 58(5)(b) as enacted, quoted in ibid [18]. This is now *Wine Australia Regulations* (n 14) s 62(5)(b).

101 *Prosecco Decision* (n 99) [2] (Deputy Registrar Arblaster).

102 *Prosecco Decision* (n 99).

103 Winemakers' Federation of Australia, 'Outline of Submissions: Winemakers' Federation of Australia', Submission in *Re Objection to the Determination of Prosecco as a Geographical Indication under the Wine Australia Corporation Act 1980 (Cth) by the Winemakers' Federation of Australia*, 29 August 2013, 11 [47]–[49].

104 *Prosecco Decision* (n 99) [26] (Deputy Registrar Arblaster).

C Definitions

At present, the protection of wine GIs in Australia is principally regulated by the *Wine Australia Act 2013* (Cth) and *Wine Australia Regulations 2018* (Cth). The Geographical Indications Committee ('GIC') under the administration of Wine Australia is in charge of defining GIs under the Act, and a Registrar governs their registration on the Register of Protected Geographical Indications and Other Terms.[105]

The *Wine Australia Act* describes a geographical indication as

> an indication that identifies the goods as originating in a country, or in a region or locality in that country, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin.[106]

As noted above, this is the definition found in the *TRIPS*. However, Australia's GI recognition has historically been exclusively concerned with the identification of the area the wine (or grapes) originated in (ie, the first part of the definition).[107] This is likely the result of an earlier definition (in the *AWBC Act*) that applied until 2010 and that had split the GI definition into two, recognising as GIs both pure indications of origin, and — separately — words or expressions indicating a quality, reputation or characteristic that could be attributed to a certain area.[108] As a result of the second strand arguably being perceived as reflecting suspect European notions of terroir and tradition, the Australian system turned its focus on only one attribute of the wine, namely the grape's geographical location, whilst ignoring the attributes of the origin link.[109] Since 2010, the latter must also be considered, yet the emphasis on true origin remains.

The requirements of the Australian law would make it difficult for Prosecco to survive a challenge to its GI status per se. It cannot be said that 'the indication' (Prosecco) 'identifies' the wine as 'originating in' the proclaimed geographical area, since the name Prosecco does not truly correspond with the vast wine-producing region identified for the GI. Even though under Australian law the geographical area involved can be substantial (under its previous legislation Australia adopted GIs 'the size of large European countries'),[110] and so objections to the *number of hectares* involved in the Prosecco region may not go very far, the

105 Explanatory Memorandum, Australian Wine and Brandy Corporation Amendment Bill 1993 (Cth) 2 [5]–[6]; *Wine Australia Act* (n 96) ss 40N–40P, 40ZA–40ZC.

106 *Wine Australia Act* (n 96) s 4 (definition of 'geographical indication').

107 Gary Edmond, 'Disorder with Law: Determining the Geographical Indication for the Coonawarra Wine Region' (2006) 27(1) *Adelaide Law Review* 59, 64.

108 Waye and Stern (n 86) 464. Stern has called this approach 'disingenuous' and the former '*not* a true geographical indication, at least in so far as *TRIPS* defines it': Stern, 'A History of Australia's Wine GI Legislation' (n 45) 267 (emphasis in original).

109 Stephen Stern and Christine Fund, 'The Australian System of Registration and Protection of Geographical Indications for Wines' (2000) 5(1) *Flinders Journal of Law Reform* 39, 51.

110 Drahos (n 86) 264.

term should still faithfully represent the area as a matter of geography or description to establish a sufficient connection.[111] Suggesting that the name of a Trieste suburb (Prosecco) can represent half of North-East Italy would be akin to arguing that Chatswood (a Sydney suburb) could designate the state of New South Wales. Prosecco is also not a descriptive name for the identified region (like 'Limestone Coast' for a South-Australian coastal region featuring limestone),[112] and does not correspond with provincial or council demarcations such as 'Bourgogne–Epineuil'[113] or 'Tasmania'.[114] The term Prosecco therefore does not truly identify the origin of the wine, which is a first and foremost requirement under Australian law.

The second element — a quality, reputation or other characteristic attributable to the identified geographical origin — only became mandatory in 2010 (after the abovementioned expansive Australian GIs that would have struggled to meet this requirement had already been adopted). Since then, it has become intertwined with the requirements of area demarcation and drawing of GI boundaries, particularly the condition that the geographical area must consist of a single tract of land with specific grape-growing attributes.[115] The latter has largely been interpreted on bases that are tangible or measurable, with socio-historical considerations used as context, rather than key attributes that set an internally homogenous area apart from surrounding regions.[116] Recognition of historical and social factors like traditional grape growing practices is thus not entirely foregone, but it does not

111 *Re Objection by Rothbury Wines Pty Ltd to Determination of Geographical Indication Filed in the Names of Murray Tyrell, Tyrrell's Vineyards Pty Ltd and Trevor Drayton* [2008] ATMOGI 1, [108]–[120] (Deputy Registrar Arblaster) ('*Rothbury Wines Decision*').

112 'Limestone Coast Geographical Indication', *Wine Australia* (Web Page) <https://www.wineaustralia.com/labelling/register-of-protected-gis-and-other-terms/geographical-indications/limestone-coast>. See also *Beringer Blass Wine Estates Ltd v Geographical Indications Committee* (2002) 125 FCR 155, 163–4 [28]–[33] (von Doussa, O'Loughlin and Mansfield JJ) ('*Coonawarra Case*').

113 See Ministère de l'agriculture, de l'alimentation, de la pêche, de la ruralité et de l'aménagement du territoire [Ministry of Agriculture, Food, Fisheries, Rural Affairs and Regional Planning], 'Cahier des charges de l'appellation d'origine contrôlée «BOURGOGNE MOUSSEUX» homologué par le décret n° 2011-1492 du 9 novembre 2011, JORF du 11 novembre 2011' [Specifications for the Controlled Designation of Origin 'SPARKLING BURGUNDY' Approved by Decree No 1492 of 9 November 2011, in the Official Journal 11 November 2011] in *Bulletin officiel* [Official Bulletin] (17 November 2011) 1–7 <https://info.agriculture.gouv.fr/gedei/site/bo-agri/document_administratif-1fbaf2c5-d402-4eae-87ac-c9f35fdd144a>. The Burgundy Appellation of Origin (itself demarcated by reference to a number of listed municipalities) comprises several regional GIs, including 'Bourgogne–Epineuil', which is demarcated by the boundaries of the municipality (commune) of Epineuil.

114 'Tasmania Geographical Indication', *Wine Australia* (Web Page) <https://www.wineaustralia.com/labelling/geographical-indicators/labelling-gi-tasmania>.

115 *Coonawarra Case* (n 112) 173 [63] (von Doussa, O'Loughlin and Mansfield JJ). The case was decided under the previous legislation: see generally at 172–8 [58]–[81]. See also Geographical Indications Committee, *Decision Not to Make a Final Determination of Wilyabrup as a Geographical Indication for Wine: Statement of Reasons* (30 July 2020) 5–7 [32]–[44] ('*Wilyabrup Decision*').

116 *Coonawarra Case* (n 112) 172–8 [58]–[81] (von Doussa, O'Loughlin and Mansfield JJ); *Wilyabrup Case* (n 115) 6 [40]. See also Waye and Stern (n 86) 472.

amount to regard for what Waye and Stern have termed typicality (similar to notions of terroir)[117] or regionality ('a socially constructed narrative of wine and place' intertwined with reputation).[118] Moreover, evocations of a place (such as Northern Italy) cannot ground GI status in Australia,[119] and there is little sympathy for 'strong traditional interests and cultural values attached to GIs'.[120] In the *Prosecco Decision*, for example, the EC submitted that Prosecco had a geographical rather than varietal connotation because

> [t]he marketing of wine made from Prosecco grapes in Australia carries evocation of Italian language and culture and references to the Italian origin of both the grape and the style … and sometimes carries direct reference to the Italian GI.[121]

This was summarily dismissed by the Deputy Registrar, who held that

> [c]ultural and other similar references must be seen in the context of Australia as a migrant community where references to the rich tapestry of history and tradition of our forbears are commonplace.[122]

As a consequence, the attribute of reputation, whilst officially available for the origin link, is unlikely to be easily adopted as the relevant link within the Australian context. Although it was contemplated in the highly contentious drawing of the boundaries for the Coonawarra GI, the primary consideration ultimately rested on grape growing characteristics,[123] which can relate to 'quality' or 'other characteristic' (the other two attributes that can establish the link).

When determining whether a particular area (hierarchically structured into states, zones, regions and sub-regions)[124] should obtain GI status, the primary factors for consideration in Australia are therefore those that directly affect grape-growing characteristics,[125] including homogeneity of climate, soil and geology.[126] That such

117 Waye and Stern (n 86) 461.

118 Ibid 462.

119 This is distinct from the prohibition of an evocation that 'so resembles' the GI that it is misleading: *Wine Australia Act* (n 96) s 40F(4).

120 Elyse Kneller, 'EU–Australia FTA: Challenges and Potential Points of Convergence for Negotiations in Geographical Indications' (2020) 23(3–4) *Journal of World Intellectual Property* 546, 558.

121 *Prosecco Decision* (n 99) [16], [35] (Deputy Registrar Arblaster). These comments were made both generally and in relation to the possibility of misleading use.

122 Ibid [35].

123 *Coonawarra Case* (n 112) 175 [69] (von Doussa, O'Loughlin and Mansfield JJ).

124 Battaglene (n 61) 6. The region of Barossa Valley is, for example, located within the zone Barossa, included in the state of South Australia: at 7.

125 See *Coonawarra Case* (n 112) 174 [66] (von Doussa, O'Loughlin and Mansfield JJ).

126 *Baxendale's Vineyard Pty Ltd v Geographical Indications Committee* (2007) 160 FCR 542, 548 [29] (Emmett J, Siopis J agreeing at 579 [155]), 574 [134] (Dowsett J, Emmett J agreeing at 543 [1], Siopis J agreeing at 579 [155]) ('*King Valley Case*').

'biophysical factors related to grape growing predominate in the determination of how a region or subregion will be demarcated'[127] is partly the result of the regulations that govern GI applications and set requirements for the delimitation of the GI boundary.[128] Relevant criteria include the region being a single tract of land, with grape-growing attributes climate, geological formation and a degree of elevation that are distinct from neighbouring areas, but internally consistent.[129] A distinct homogeneity is now central to the enquiry, and in 2020 the GIC decided not to proceed with the final determination of Wilyabrup as a GI because the submitted climatic and other reports and documentation provided 'inconsistent information … with regard to the degree of uniformity of the area'.[130] This need for a distinct homogeneity may prove an insurmountable barrier for the proposed Prosecco GI. The Prosecco region lacks uniformity in its grape-growing attributes, geological formation, degree of elevation and possibly climate, which further influence the state of the vineyards and wine produced.[131] The geology of north-eastern Italy in particular varies widely, as it is influenced by the Dolomites, the Alps, alpines and plains.[132] Even if socio-historical elements related to wine were taken into account, Trieste, which formed part of the Habsburg empire with its strict agricultural rules 'aimed at containment and control of the vine cultivation',[133] is unlike the prosecco-producing area East of Venice. There is allegedly 'no historical connection' between the two, 'other than that wine made of Prosecco grapes was once traded into Venice from elsewhere, and that later [Venice's] local product used this grape variety to produce a sparkling [wine]'.[134]

Decoupling the origin link from demarcation would still make it difficult (if not impossible) to attribute a specific wine quality, reputation or characteristic to sparkling wine produced in this varied region without relying on suggestions or evocations of it, or with recourse to circular arguments whereby the recent reputation of the broader region is based on its appropriation of the GI. The latter, however, may ultimately become a self-fulfilling prophecy, because the extensive

127 Waye and Stern (n 86) 472.

128 *Wine Australia Regulations* (n 14) s 57. See also Geographical Indications Committee, *Applications for Australian Geographical Indications: Guidelines* (April 2020) 3.

129 *Wine Australia Regulations* (n 14) s 57(1). A further important criterion is the '5×5×500 rule', requiring the area to produce at least 500 tonnes of wine grapes per year and include at least five vineyards each of size at least five hectares, none of which being under common ownership, though this is not a hurdle for Prosecco: at sub-ss (a)–(b). For a critique see Stern, 'A History of Australia's Wine GI Legislation' (n 45) 268.

130 *Wilyabrup Decision* (n 115) 6 [40]. Two other reasons included a lack of consensus around boundaries and the existence of an ongoing development project for the area, which could impact on the proposed GI.

131 See Ponte (n 42). For discussion of the Australian requirements, see generally *Coonawarra Case* (n 112); *King Valley Case* (n 126).

132 For detailed overviews of Italy's geology in sub-regions of the Prosecco GI, see Mauro Soldati and Mauro Marchetti (eds), *Landscapes and Landforms of Italy* (Springer, 2017).

133 Romana Kačič and Mattias Lidén, 'Revitalisation of Vineyards in the Terraced Landscape on the Karst Ridge of Trieste' [2011] (3) *Architecture, Research* 63, 65.

134 Kamperman Sanders, 'When GIs Become Commodities' (n 34) 758.

EU product specifications will over time become distinct and definable aspects of the Italian version of Prosecco that could offer a more tangible or measurable basis for a reputation, quality or characteristic, capable of meeting Australian GI requirements. Conversely, issues of demarcation per se (as well as of origin) remain. As noted above, the Prosecco region as identified by Italy is unlikely to be considered a single tract of land for the purposes of the *Wine Australia Regulations* due to its variety in geology, elevation and other attributes.[135] Furthermore, when considering the adoption of a GI name, the GIC considers the word suggested to designate the GI by looking at its history and traditional use, the extent to which it is known and its appropriateness.[136] A GI application for Rothbury, a small parish in the Hunter, for example, was rejected because according to the GIC the name was 'barely' a geographical word and had no 'force as a gestalt'.[137] In the case of Prosecco, there is little doubt that the term concerns a geographical word; however, the matter of 'appropriateness' may return the discussion to that of origin: 'Prosecco' may not be an appropriate term for the entire GI area envisaged, quite apart from its history and traditional use as a grape variety.

It is highly unlikely that, if challenged, Prosecco would be able to be recognised as an Australian GI. Nonetheless, it is helpful to consider the possible objections to its registration, as these can prevent registration even when an objector fails to challenge GI status per se,[138] and provide further insight into the Australian attitude towards wine geographical indications.

D Grounds for Objection

When a GI application is lodged, the GIC makes an interim determination, which is followed by an open consultation.[139] Any written submissions received during the consultation must be considered by the GIC before its final determination.[140] The latter is further subject to appeal, first to the Administrative Appeals Tribunal and subsequently the Federal Court of Australia.[141] Grounds of appeal include in particular that the committee took irrelevant considerations into account, or conversely, did not take relevant considerations into account.[142] The *Wine Australia Regulations* list three possible grounds of objection to the registration (or

135 See *Coonawarra Case* (n 112) 172–8 [58]–[81] (von Doussa, O'Loughlin and Mansfield JJ); *Wilyabrup Decision* (n 115) 5–7 [32]–[44].

136 *Wine Australia Regulations* (n 14) s 57(6); *Rothbury Wines Decision* (n 111).

137 *Rothbury Wines Decision* (n 111) [119] (Deputy Registrar Arblaster).

138 As was the case in the WFA objection to Prosecco's determination as a GI: *Prosecco Decision* (n 99) [26], [47] (Deputy Registrar Arblaster).

139 *Wine Australia Act* (n 96) ss 40U–40V.

140 Ibid s 40W.

141 Ibid s 40Y.

142 See Stern, 'A History of Australia's Wine GI Legislation' (n 45) 272.

translation) of *foreign* GIs: conflict with trademarks, common use, and grape varietal status.[143]

1 *Trademarks*

An application for registration of a GI may be rejected where a registered trademark is identical to the proposed GI or consists of a word, expression or other indication with regard to which the proposed GI would likely cause confusion.[144] Contrary to the general procedure outlined above, trademark owners are invited to object via the Registrar of Trade Marks,[145] whose decision can be appealed to the Federal Court.[146] The GIC will additionally consider objections from unregistered trademark owners where the rights were acquired through use in good faith.[147] Where there is a conflict, the final GI determination is subject to the trademark holder and GI applicant reaching an agreement concerning use. For example, the Australian trademark Kaiser-Stuhl must prominently display the words 'Produce of Australia' as a condition of registration due to a conflict with the German GI 'Kaiserstuhl'.[148] Australian law here favours co-existence. Registrars and courts are, moreover, unlikely to accept that confusion capable of preventing registration arises easily. In 2017, the Registrar of Trade Marks concluded that confusion between the GI Champagne and the trademark 'Champagne Jayne' (the name under which the trademark applicant Rachel Jayne Powell was offering entertainment services in the sparkling wine industry) was unlikely.[149] This aligns with the Australian courts generally setting the bar high for confusion and misleading use of GIs. The Federal Court, for example, when deciding on a dispute between the Interprofessional Committee of *Côtes de Provence* Wines and La Provence Vineyards (Tasmania's oldest winery, established by an immigrant vigneron from the Provence), held on the matter of alleged misleading use that 'La Provence' did not convey the same meaning as *Côtes de Provence* to Australian

143 *Wine Australia Regulations* (n 14) s 62.

144 *Wine Australia Act* (n 96) s 40RB.

145 Ibid s 40RA(2)(b).

146 Ibid s 40RF.

147 Ibid s 40RB(4).

148 See *AU Trademark No 205486*, filed on 11 October 1966 (Registered on 11 October 1966).

149 *Re Opposition by Comité Interprofessionnel du Vin de Champagne to Registration of Trade Mark Application 1471878(41) — CHAMPAGNE JAYNE — in the name of Rachel Jayne Powell* [2017] ATMO 57, [36]–[37] (Delegate Wilson). See Toohey (n 13) 188 for a description of this action as 'clean[ing] up' by the Comité.

consumers,[150] and, even if it did, did not 'so resemble' *Côtes de Provence* 'as to be likely to be mistaken for it'.[151]

At the time of writing, Australia has 15 registered and 2 pending trademarks that include the term 'Prosecco'.[152] Of these, 10 registered trademarks and both pending trademarks have Australian owners, while the rest are Italian and include the official Prosecco mark.[153] 'Prosecco' as such is not protected as a separate trademark; for all existing trademarks, it forms part of a phrase, such as 'King Valley Prosecco Road'.[154] This resembles the matter of the 'Great Western' GI, where negotiations surrounding the alleged incompatibility between the 'Seppelt Great Western' trademark and 'Great Western' GI resulted in a modus vivendi whereby the Seppelt winery could continue to use its trademark, but could lay no claim to exclusive use of 'Great Western'.[155] If no such solution can be reached, a court may resort to a mutatis mutandis application of the Australian decision on the WFA's objection to an application by the EC's Agriculture and Rural Development department to determine *Avola* as a GI ('*Avola Decision*')[156] to obtain the same result. In the *Avola Decision*, the Registrar rejected a grape variety objection to the *Avola* GI, since *Avola* was only a constituent term of the variety *Nero d'Avola* and there was no indication that Australian winemakers shortened the variety name to *Avola*.[157] The two were therefore not the same and could coexist.[158] Similar considerations could apply to trademarks that contain the word 'Prosecco', rather than solely consist of the word 'Prosecco'. As long as there is

150 *Comite Interprofessionnel des Vins des Cotes de Provence v Bryce* (1996) 69 FCR 450, 470 (Heerey J) ('*La Provence Case*'). In his Honour's words: '"Provence" does not in my opinion resemble the words "Côtes de Provence" or any of the other AOC names any more than the word "Australia" resembles the words "South Australia"'.

151 Ibid. Note again that this case centres on misleading use and not confusion, but it takes a strong stand on consumers' ability to distinguish. See also Stern, 'A History of Australia's Wine GI Legislation' (n 45) 264–6.

152 See the search result for 'Prosecco': 'Australian Trade Mark Search', *IP Australia* (Web Page) <https://search.ipaustralia.gov.au/trademarks/search/quick/>.

153 See, eg, *AU Trademark No 1720961*, filed on 11 September 2015 (Registered on 3 June 2016). This is the trademark owned by the Consorzio di Tutela della Denominazione di Origine Controllata Prosecco [Consortium for the Protection of the Prosecco Controlled Designation of Origin].

154 *AU Trademark No 1387369*, filed on 15 October 2010 (Removed on 15 October 2020). The trademark, owned by Wines of the King Valley Inc, has now expired and been removed because the renewal fee was not paid.

155 *AU Trademark No 515046*, filed on 17 July 1989 (Registered on 13 June 1991).

156 *Re Opposition by the Winemakers' Federation of Australia to an Application by the Agriculture and Rural Development of the European Commission of the European Union for the Determination of Avola as a Geographical Indication* [2018] ATMOGI 1 ('*Avola Decision*').

157 Ibid [17]–[21] (Delegate Brown).

158 Ibid.

no great risk of confusion, and the Australian threshold for this is high,[159] it is unlikely that trademarks can prevent the registration of Prosecco as a GI — coexistence will be favoured. By contrast, the two other grounds for objection, Prosecco being the common name for a type or style of wine and a grape variety, present greater barriers.

2 *Common Names*

Under Australian law, objections to wine GI registration can also be based on the term being 'used in Australia … as the common [generic] name of a type or style of wine'.[160] No cases have tested this objection on its merits under the *Wine Australia Act* and *Wine Australia Regulations*,[161] although previous cases have dealt with the issue in, for example, the context of consumer law. In *Comite Interprofessionel du Vin de Champagne v NL Burton Pty Ltd* ('*Champagne TPA Case*') in particular,[162] the court found that the use of the word 'champagne' for a Spanish *Freixenet* was not misleading, because of the 'unchallenged use of the word "champagne" for a product made by the "méthode champenoise"' in Australia, and 'evidence of consumers … regard[ing] "champagne" as a bubbly drink, particularly appropriate for festive occasions'.[163] Champagne was thus a generic term in Australia, and this only changed as a result of bilateral agreement.[164] Notable further is the remark in the *Champagne TPA Case* that 'it seems undesirable to interrupt the first respondent's business unless the benefit to the public is significant'.[165] This reflects the concern to enhance and allow bona fide trade, unless the public is negatively affected. Vice versa, where consumers are familiar with a term like Prosecco for a kind of wine, prohibiting its use is liable to cause confusion and disrupt trade.[166]

159 See, mutatis mutandis, *Comite Interprofessionel du Vin de Champagne v NL Burton Pty Ltd* (1981) 38 ALR 664, 672 (Franki J) ('*Champagne TPA Case*'); *La Provence Case* (n 150) 470 (Heerey J).

160 *Wine Australia Regulations* (n 14) s 62(5)(a). The regulations are silent on future genericness, in which case it seems likely that the *TRIPS* rules would apply and an exception to protection arises. This remains untested.

161 Reference to the objection was made in the *Prosecco Decision* and *Avola Decision*, but it was not relied upon and therefore not decided on the merits: *Prosecco Decision* (n 99) [26] (Deputy Registrar Arblaster); *Avola Decision* (n 156) [11] (Delegate Brown).

162 *Champagne TPA Case* (n 159).

163 Ibid 670–1 (Franki J).

164 Ibid 672 (Franki J). Since the adoption of the Champagne GI in Australia, the situation has changed somewhat. In 2015, the Federal Court of Australia found that consumers could now be divided into three categories: those who do not know the difference between champagne and other sparkling wines; those who know champagne had to be produced in a certain French region according to defined method; and those with 'a vague or unclear appreciation of the difference': *Comité Interprofessionnel du Vin de Champagne v Powell* (2015) 330 ALR 67, 69 [12] (Beach J).

165 *Champagne TPA Case* (n 159) 671 (Franki J).

166 See Robert M Tobiassen, 'On Common Ground' (2000) 13(1) *Transnational Lawyer* 75, 81.

The common use objection was, in fact, referenced in both the *Prosecco Decision* and the *Avola Decision*, but it had not been formally raised as an objection and thus required no conclusive answers.[167] Some obiter pointers were nonetheless given in the *Prosecco Decision*: the Registrar noted that to qualify for the common name exception there would need to be 'more than *de minimis* use' and evidence of the term's significance 'as a generic descriptor' independent of geographical connotations.[168] Whilst more than *de minimis* use is easily established,[169] there is not enough market research available to provide conclusive evidence on whether the significance aspect of the second element is currently met for Prosecco. At the time of the 2013 *Prosecco Decision*, the Registrar had found that 'the evidence [submitted] is mixed' and avoided the question.[170] However, it seems safe to say that today the Australian public views prosecco as an affordable sparkling wine, often in a fancy bottle,[171] rather than a wine intimately associated with a geographical area, despite the fact that consumers may be able to identify its Italian origins.[172] Limited existing research by Naomi Verdonk and others suggests that segments of the Australian population may not be very familiar with Prosecco wine, but that the wine is otherwise identified as one for which consumers would not be willing to pay much,[173] and which they could envisage consuming on a range of occasions.[174] In addition, reference to 'prosecco' as a general descriptor of a sparkling wine is now increasingly common in cases before courts or quasi-judicial bodies.[175] In a recent liquor licence case, the Victorian Commission awarded a renewable limited licence with the liquor supply limited to 'light beer,

167 *Prosecco Decision* (n 99) [26] (Deputy Registrar Arblaster); *Avola Decision* (n 156) [11] (Delegate Brown).

168 *Prosecco Decision* (n 99) [26] (Deputy Registrar Arblaster).

169 The threshold is the lowest available and can be satisfied by providing *some* evidence of use. The evidence provided in the *Prosecco Decision* would meet this element: see ibid [18]–[26].

170 Ibid [26].

171 See 'Prosecco Now a Fashion Accessory' (2016) 634 (November) *Grapegrower and Winemaker* 86.

172 Naomi Verdonk et al, 'Investigating Australian Consumers' Perceptions of and Preferences for Different Styles of Sparkling Wine Using the Fine Wine Instrument' (2021) 10(3) *Foods* 488, 495–6 ('Investigating Australian Consumers' Perceptions'). The *Prosecco Decision* suggests that reference to the origin of the grape or style is not as such evidence of a geographical connection for the name of the wine: see *Prosecco Decision* (n 99) [35] (Deputy Registrar Arblaster). There the Deputy Registrar rejected the idea that reference to Italian origins in promotional material is misleading.

173 This corresponds with findings by Edward Oczkowski that prosecco is amongst the sparkling wines with the lowest average prices, and, whereas the author estimates a price premium for champagne, in the case of prosecco this is a price discount: Edward Oczkowski, 'Price Premiums and Discounts for Australian Sparkling Wines' (2022) 20(1) *Journal of Agricultural and Food Industrial Organization* 25, 28, 37.

174 See Verdonk et al, 'Investigating Australian Consumers' Perceptions' (n 172) 505. See also Naomi Verdonk et al, 'Understanding Australian Wine Consumers' Preferences for Different Sparkling Wine Styles' (2020) 6(1) *Beverages* 14.

175 See, eg, generic references in *DPP (Vic) v Cassar* [2018] VCC 1027, [9]–[10] (Judge Pullen); *Morton v Commonwealth Scientific and Industrial Research Organisation [No 2]* [2019] FCA 1754, [376] (Rangiah J); *Re Laki (Migration)* [2019] AATA 1718, [103]–[105] (Member Ison).

medium strength beer, *prosecco*, red wine, white wine and frozen margarita, frozen daiquiri and spritz'.[176] This suggests a current understanding of prosecco as a general descriptor of a type of alcohol. Given also the historical emphasis on preventing GIs from impacting businesses without significant public interest, it is increasingly likely that the Australian courts will be receptive to objections to prosecco's GI status on the basis of common use.

3 *Grape Variety*

De minimis use or significance is not required for the last ground of objection,[177] being that the name 'is used in Australia' as 'the name of a variety of grapes'.[178] Contrary to other legal systems,[179] Australia also does not have a requirement that use of the GI would lead to confusion or mislead as to true origin. The mere fact that the name is recognised, at the time the GI application is made, as a varietal name in Australia (eg by inclusion in treaties or the OIV list), allows for the objection to be made out.[180] By contrast, if the names of the GI and variety are not identical, and the GI only forms part of the grape variety name, the objection cannot be made out; the terms will coexist under Australian law as decided in the *Avola Decision* considered above.[181]

The 2013 *Prosecco Decision* centred on the grape variety objection. In his reasons, the Registrar confirmed that, under Australian law, the date at which varietal status should be determined is the date of the GI application.[182] By 2010 (when the EU applied), Australia had been producing commercial quantities of wine labelled with 'Prosecco' for at least six years, and wine labels that expressly referred to Prosecco as a grape variety had been admitted into evidence.[183] Prosecco was also listed by the OIV as a grape variety without synonyms for Australia,[184] and nurseries and horticultural suppliers were selling the plant variety as 'Prosecco'.[185] Consequently, there was sufficient evidence to conclude that Prosecco had been used as the name of a variety of grapes in Australia, and the objection was made

176 *Re an Application by Caswell Nominees Pty Ltd under Section 153 of the Liquor Control Reform Act 1998 for Internal Review of a Decision to Refuse to Grant a Renewable Limited Licence and Permanent Approval to Permit Underage Persons on a Licensed Premises for the Premises Located at 2365 Plenty Road, Whittlesea, t/as Funfields Theme Park* (Victorian Commission for Gambling and Liquor Regulation, Deputy Chair Versey, Commissioners Huntersmith and Scott, 5 August 2021) 15 (emphasis added). See also at 11 [75].

177 *Prosecco Decision* (n 99) [27] (Deputy Registrar Arblaster).

178 *Wine Australia Regulations* (n 14) s 62(5)(b).

179 See, eg, *AGW Objection* (n 30) [14]–[89] (Principal Assistant Registrar Tan).

180 See *Prosecco Decision* (n 99) [28]–[38] (Deputy Registrar Arblaster).

181 *Avola Decision* (n 156) [18] (Delegate Brown).

182 *Prosecco Decision* (n 99) [25] (Deputy Registrar Arblaster).

183 Ibid [34]–[37].

184 Ibid [31].

185 Ibid [29].

out.[186] There is no reason at present to expect the *Prosecco Decision* to be overturned on this matter; if anything, as a result of the 'Prosecco war', there is now further evidence of use of Prosecco as a grape variety, including in government documentation.[187] The variety objection will thus continue to pose a formidable barrier to GI status under Australian law.

The only relief available to a foreign GI applicant when an objection is made out is contained in s 72 of the *Wine Australia Regulations*: the Registrar has discretion to determine a foreign GI despite an objection having been made out, if it is reasonable to do so in the circumstances, having regard to Australia's international obligations. The EU relied upon this exception in the *Prosecco Decision*, but it was rejected by the Registrar.[188] According to the latter, there was no international obligation for Australia to protect the term, whether under the *TRIPS*, bilateral agreements, or any other document.[189] The determinative circumstance was nonetheless an economic concern, taking the discussion back to the trade-related objects that underpin the Australian system. Prosecco cultivation and production 'and the business plans behind it' had been set up when the name was in use as a variety name in Italy and the EU, yet

> [i]f Prosecco was entered onto the Register as a GI the effect would be to prevent Australian producers from continuing to use it as the name of a grape variety. Forestalling such an outcome appears to be precisely the purpose of the statute.[190]

Registration of Prosecco as a GI in Australia is thus improbable, not only because the specific requirements for GI status cannot be met, but because such registration hurts the underlying objects and purpose of the Australian GI regime, which is founded upon principles of consumer protection, true indications of source and trade for all, including, or especially, Australians.

IV THE EUROPEAN GI SYSTEM

Querying whether Prosecco would qualify as a GI under EU law may appear obsolete: Prosecco *is* a European GI. However, it is helpful to outline why Prosecco can be recognised as a European GI, and how it is possible that the discussion around grape variety did not take place when the EU registered Prosecco as a protected designation of origin ('PDO') in 2009. Moreover, the below discussion

186 Ibid [38].

187 See, eg, Zhou and Dossor (n 12) 3; Kneller (n 120) 561; Department of Primary Industries and Regional Development (WA), 'Broadening the Australian Palate with New Wine Grape Varieties' (Media Statement, 30 September 2021).

188 In the case, reference is made to reg 68, but this should be s 72, at least under the current regulations: *Wine Australia Regulations* (n 14). See *Prosecco Decision* (n 99) [39]–[45] (Deputy Registrar Arblaster).

189 *Prosecco Decision* (n 99) [40]–[44] (Deputy Registrar Arblaster). However, the Registrar appears to have mistakenly thought that the relevant date for the *TRIPS* is also the date of application, whereas the *TRIPS* is, in fact, time-limited, as discussed below at Part V(B).

190 Ibid [45].

explains the aims and principles on which the EU system operates, which are very different from the Australian ones.

The EU has the most developed system of GI regulation in the world, with roots that can be traced back to at least 1764 when France legislated to protect Bordeaux wine.[191] Europe's original GI protection was specifically designed for wine, which, along with spirits, was protected earlier — and more extensively — than other 'agricultural products and foodstuffs'.[192] A key underlying concern of the European wine GI system has historically been to prevent winemakers in the 'New World' (often European emigrants) from using and benefitting from names (geographical, varietal or otherwise) that, from a European point of view, should be the reserve of the old continent.[193] Spurring the development of the early French GI regime, for example, was the otherwise legitimate sale of wine from the (then) French colony of Algeria as *vin français*.[194] Although consumer protection likely played a role too, the drivers behind the French regime were wine producers from primarily Bordeaux, Burgundy and Champagne.[195] Today, consumer protection still appears subordinate to protection of producers and the market as a whole,[196] with current narratives emphasising history and tradition as a reflection of

191 Michael Blakeney, *Intellectual Property Rights and Food Security* (CABI, 2009) 183.

192 See *Council Regulation (EEC) No 2081/92 of 14 July 1992 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs* [1992] OJ L 208/1, as enacted ('*Repealed EEC Regulation 1992*'), which made implicit reference to *Council Regulation (EEC) No 1576/89 of 29 May 1989 Laying Down General Rules on the Definition, Description and Presentation of Spirit Drinks* [1989] OJ L 160/1. See also *Regulation (EEC) No 816/70 of the Council of 28 April 1970 Laying Down Additional Provisions for the Common Organisation of the Market in Wine* [1970] OJ L 99/1, as enacted; *Regulation (EEC) No 817/70 of the Council of 28 April 1970 Laying Down Special Provisions relating to Quality Wines Produced in Specified Regions* [1970] OJ L 99/20, as enacted. See also ibid 200.

193 See Dev S Gangjee, 'From Geography to History: Geographical Indications and the Reputational Link' in Irene Calboli and Ng-Loy Wee Loon (eds), *Geographical Indications at the Crossroads of Trade, Development, and Culture: Focus on Asia Pacific* (Cambridge University Press, 2017) 36, 44 ('Geographical Indications and the Reputational Link').

194 Friedmann (n 10) 413. The colony was deemed a department (*département*) within the French state structure, and therefore part of France.

195 Ibid.

196 This is perhaps best evidenced by GI protection. Any use, including translations or transliterations, even when accompanied by an expression such as 'style', 'type', 'method', 'as produced in' or disclosure of the true origin of the product, is prohibited: *Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 Establishing a Common Organisation of the Markets in Agricultural Products and Repealing Council Regulations (EEC) No 992/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007* [2013] OJ L 347/671, art 103(2)(b) ('*Common Market Organisation Regulation 2013*'). 'Elderflower champagne', for example, violates GI law due to its use of 'champagne', even though there is no risk of confusion: see *Taittinger v Allbev Ltd* [1994] 4 All ER 75. Note, though, that the threshold for consumer confusion in the EU is very low compared to that in Australia, leading to higher levels of protection: see, eg, *Fundación Consejo Regulador de la Denominación de Origen Protegida Queso Manchego v Industrial Quesera Cuquerella SL* (Court of Justice of the European Union, C-614/17, ECLI:EU:C:2019:344, 2 May 2019) [44]–[50] ('*Manchego Case*').

European quality worthy of protection.[197] GIs continue to be used to protect EU producers from ‘perceived unfair competition’,[198] which the EU interprets in much broader fashion than other national or international jurisdictions. Any form of replication is viewed as fraudulent ‘parasitism’ or ‘free-riding’ on an established European reputation.[199] Moreover, once adopted, EU GI names can no longer become generic, even if their use becomes widespread.[200] Instead of outward trade enhancement (beyond increased exports of European GI wines), the developmental goals are mostly internal, with GIs used as a method to enhance rural development under the EU’s Common Agricultural Policy (‘CAP’).[201] Prosecco is a prime example of this: following the award of GI status preventing foreign use by emigrants who had taken the vine from Italy to the ‘New World’, investment in the Prosecco area led to a very significant expansion of viticulture and production (as well as tourism).[202] So much so, that the area is now a problem child of environmental degradation,[203] and some high-quality producers are seeking to distance themselves from what started as an overwhelming commercial success.[204]

Whilst the core aims of the European GI system can be gleaned from the EU’s actions on its own and the global stage, they are also expressly stipulated in *Common Market Organisation Regulation 2013*,[205] which states that the rules on GIs should be based on ‘protecting the legitimate interests of consumers and producers … ensuring the smooth operation of the internal market … and … promoting the production of quality products’.[206] These aims have over time transformed EU GI protection into a stronghold of history and tradition, with levels of protection that exceed international norms. Its system is in this respect unique,

197 On the latter, see generally Zappalaglio (n 7) ch 4.

198 Friedmann (n 10) 415.

199 Handler, ‘Rethinking GI Extension’ (n 92) 24, quoting *L’Oréal SA v Bellure NV* (C-487-07) [2009] 6(B) ECR I-5185, I-5247 [41]; Daniele Giovannucci et al, *Guide to Geographical Indications: Linking Products and Their Origins* (International Trade Centre, 2009) 13.

200 *Common Market Organisation Regulation 2013* (n 196) art 103(3). Cf the exception included in *TRIPS* providing that states need not ‘apply’ protections where a word ‘*is*’ customary: *TRIPS* (n 1) art 24.6 (emphasis added).

201 See Irene Calboli, ‘*In Territorio Veritas*: Bringing Geographical Coherence in the Definition of Geographical Indications of Origin under TRIPs’ (2014) 6(1) *WIPO Journal* 57, 58, 62, 63, 65. See also Drahos (n 86) 260.

202 Ponte (n 42) 544–8.

203 Ibid 547–50. For the concerns around health risks caused by excessive use of pesticides to ensure supply meets the high global Prosecco demands, see Giacomo Toffol, ‘Il marchio UNESCO sulle colline del prosecco: Opportunità o nuovo rischio per la salute?’ [The UNESCO Brand in the Prosecco Hills: Opportunity or New Health Risk?] (2019) 110(11) *Recenti Progressi in Medicina* [Recent Advances in Medicine] 513.

204 Rebecca Ann Hughes, ‘Why This Prosecco Producer Has Removed the Wine’s Name from Its Labels’, *Forbes* (online, 30 August 2021) <https://www.forbes.com/sites/rebeccahughes/2021/08/30/why-this-prosecco-producer-has-removed-the-wines-name-from-its-labels/?sh=45f1639f3a49>.

205 *Common Market Organisation Regulation 2013* (n 196).

206 Ibid art 92(2).

as are its rules governing GIs. These rules and their underlying aims, moreover, make it unlikely that the EU will backtrack on its designation of Prosecco as an EU GI, or reconsider the renaming of the grape variety to Glera.

A Definitions

Under EU law, the EU sets the rules for GI recognition, but application procedures have been largely delegated to member states' national agencies,[207] such as the Italian Ministry of Agricultural, Food and Forestry Policies for Italian GIs like Prosecco. The EC retains a subsidiary role in scrutinising and confirming (or rejecting) GIs after their national adoption.[208] Once it confirms the GI, the term is registered on the EU's eAmbrosia database,[209] following which it is again for the member states to protect the GI, although national courts deciding on European GI disputes can send requests for preliminary rulings to the EU's Court of Justice ('ECJ').[210]

EU legislation provides for two levels of GI protection — as either a PDO or a 'protected geographical indication' ('PGI').[211] Prosecco is protected as a PDO under EU law.[212]

A PDO has a higher commercial value than a PGI, but stricter rules.[213] It is defined as

> the name of a region, a specific place or, in exceptional and duly justifiable cases, a country used to *describe* a product … fulfilling the following requirements:
>
> (i) the quality and characteristics of the product are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;

207 *PDO and PGI Applications Delegated Regulation 2019* (n 29) art 6.

208 Ibid art 10.

209 'Geographical Indications: Search', *eAmbrosia: The EU Geographical Indications Register* (Web Page, 2022) <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>.

210 *Treaty on the Functioning of the European Union*, opened for signature 7 February 1992, [2016] OJ C 202/47 (entered into force 1 November 1993) art 267.

211 *Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on Quality Schemes for Agricultural Products and Foodstuffs* [2012] OJ L 343/1 ('*Quality Schemes for Agricultural Products and Foodstuffs Regulation 2012*'). The European quality schemes further protect 'traditional specialty guaranteed': at title 11; and the EU protects 'traditional expressions' with regard to wine; but these fall outside the scope of this article.

212 'Prosecco', *eAmbrosia: The EU Geographical Indications Register* (Web Page) <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/details/EUGI00000002936> ('Prosecco eAmbrosia Register').

213 See generally Areté srl, *Study on Assessing the Added Value of PDO/PGI Products* (Final Report, 20 February 2014).

> (ii) the grapes from which the product is produced come exclusively from that geographical area;
>
> (iii) the production takes place in that geographical area; and
>
> (iv) the product is obtained from vine varieties belonging to *Vitis vinifera*.[214]

This definition is based on the appellations of origin definition in the *Lisbon Agreement*,[215] rather than the *TRIPS* definition of GIs. To qualify as a PDO, the wine must be both entirely produced and processed in the geographical area (although packaging may now take place outside the demarcated area),[216] and a 'direct connotation', or connection, of place must be established from the product characteristics,[217] with the place name describing the product.

By contrast, PGIs allow for a more indirect connection with the geographical area.[218] A PGI is described as

> an indication referring to a region, a specific place or, in exceptional and duly justifiable cases, a country, used to describe a product … fulfilling the following requirements:
>
> (i) it possesses a specific quality, reputation or other characteristics attributable to that geographical origin;
>
> (ii) at least 85% of the grapes used for its production come exclusively from that geographical area;
>
> (iii) its production takes place in that geographical area; and
>
> (iv) it is obtained from vine varieties belonging to the *Vitis vinifera* …[219]

The first part deviates from the *TRIPS*, which commands that the good must 'originat[e]' in an area of a member state,[220] and qualifies the PDO definition, which requires that the area name 'describe' the product.[221] A PGI prescribes 'reference' for description, and a quality, reputation or characteristics 'attributable to' the referenced area,[222] although 15% of the grapes are allowed to come from

214 *Common Market Organisation Regulation 2013* (n 196) art 93(1)(a) (emphasis added).

215 *Lisbon Agreement* (n 36) art 2. Note that the treaty's *Geneva Act* (to which the EU has acceded) incorporates the *TRIPS* GI definition as supplementary to the appellations provision: *Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications*, opened for signature 20 May 2015, [2019] OJ L 271/15 (entered into force 26 February 2020) art 2 ('*Geneva Act of the Lisbon Agreement*').

216 *PDO and PGI Applications Delegated Regulation 2019* (n 29) art 4(2).

217 European IPR Helpdesk, *Fact Sheet: The Value of Geographical Indications for Businesses* (Report, September 2016) 5 ('*EC GI Fact Sheet*'); Giovannucci et al (n 199) 60–1.

218 *EC GI Fact Sheet* (n 217) 8.

219 *Common Market Organisation Regulation 2013* (n 196) art 93(1)(b).

220 *TRIPS* (n 1) art 22(1).

221 *Common Market Organisation Regulation 2013* (n 196) art 93(1)(b).

222 Ibid.

outside the demarcated zone. Since the link with the geographical area is also not qualified by words such as 'essentially', as in *TRIPS*,[223] or 'essentially or exclusively', as in the case of PDOs under EU law, greater flexibility for attributes like reputation and a lesser focus on the particular features of the geographical region are allowed.[224]

Notably, neither definition requires that the geographical name must identify the wine as 'originating in' a particular area, with the quality, reputation or characteristic attributable to that geographical origin. Mention is instead made of description, reference and production. The wine must be *produced* in the *identified* area,[225] but the lack of reference to (identification of) origin suggests that true indications of source, the way they matter in Australia, are not a prime concern in the EU. Hence, it is no great barrier to European GI status as a PDO that prosecco is for the most part not produced in the town of Prosecco, as long as the grapes are grown, and the wine made, in the identified Prosecco region, and the name Prosecco is used (in the EU) to describe the product.

By contrast, the EU imposes strict rules for GI product specifications. Winemakers may, inter alia, be limited in their choice of grape variety, method of production, maximum yields and other processing requirements, including limits on alcohol levels, sulphur dioxide and sugar content.[226] The Prosecco product specification, for example, reserves the name to spumante, frizzante or tranquillo wine styles consisting of at least 85% 'Glera' grapes,[227] with the remaining 15% limited to a restricted list of varietals from the same geographical region.[228] A modification for the production of a prosecco rosé was adopted in 2020.[229] Product specifications are sui generis as included in the *Oenological Practices and Restrictions*

223 *TRIPS* (n 1) art 22(1).

224 Giovannucci et al (n 199) 60–1.

225 *Common Market Organisation Regulation 2013* (n 196) art 93(1).

226 See *Commission Delegated Regulation (EU) No 2019/934 of 12 March 2019 Supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as Regards Wine-Growing Areas Where the Alcoholic Strength May Be Increased, Authorised Oenological Practices and Restrictions Applicable to the Production and Conservation of Grapevine Products, the Minimum Percentage of Alcohol for By-Products and Their Disposal, and Publication of OIV Files* [2019] OJ L 149/1, art 3 ('*Oenological Practices and Restrictions Regulation 2019*').

227 See the combined effect of the specification and modification documents: 'Prosecco eAmbrosia Register' (n 212); 'Disciplinare di produzione consolidato della denominazione di origine controllata dei vini «Prosecco»' [Consolidated Product Specification of the Denomination of Controlled Origin of 'Prosecco' Wines] in Italian Republic, *Gazzetta Ufficiale della Repubblica Italiana: Serie generale* [Official Gazette of the Italian Republic: General Series], No 200, 11 August 2020, 21, arts 1, 2(1) ('Prosecco Product Specification 2020').

228 Ibid art 2(1).

229 *Publication of a Communication of Approval of a Standard Amendment to a Product Specification for a Name in the Wine Sector Referred to in Article 17(2) and (3) of Commission Delegated Regulation (EU) 2019/33* [2020] OJ C 362/26. At the time, the addition of a rosé was expected to increase production by 30 million bottles annually: 'Production of Prosecco DOC Rosé Has Been Approved', *Prosecco DOC: Italian Genio* (News Blog, 21 May 2020) <https://www.prosecco.wine/en/news/production-Prosecco-doc-rose-has-been-approved>.

Regulation 2019,[230] and/or GI-specific as stated in the wine's GI application.[231] The latter must indicate the name to be protected, contain a description of the wine, and include a technical file which comprises, inter alia, the product specification and (for PDOs) details bearing out the link between the quality and characteristics of the product with its geographical environment.[232] Member states are encouraged to 'pay particular attention to the description of the [relevant] link'.[233] As noted above, PDOs require a 'direct connotation' between the geographical area and the product, which is why the definition only refers to quality or characteristics, but not reputation (considered an indirect connection and only relevant to PGIs).[234]

The requirement that the 'quality and characteristics of the product [be] essentially or exclusively due to a particular geographical environment with its inherent natural and human factors'[235] could have been an obstacle for the Prosecco PDO, because many of the EU's arguments for Prosecco's GI status revolved around the Italian Prosecco reputation.[236] Moreover, it would be difficult to make out a direct connection, for which reliance is placed on the effects produced by natural factors, including climate and soil, and the interaction of 'specific human factors … such as vinification procedure, pruning methods [and] maturation … which produces the distinctive quality'.[237] As indicated above,[238] the Prosecco region is extremely varied, both with regard to natural and socio-historical factors. The published description of the link between place and wine for Prosecco, however, contends itself with relatively general statements describing the North-East Italian wine region in ways that could also describe larger parts of Mediterranean Europe ('a flat landscape with some hilly areas'; 'mild climate, with rain and hot sirocco winds in summer'; 'variation in day and night temperatures'; and 'alluvial soils [which] are clayey-silty in texture and quite fertile'), as well as the winemaking technique (the 'Charmat method'), which is globally employed to make Prosecco wine, the variety from which it is made ('Glera'), and the region's historical claim

230 The regulation entered into force on 7 December 2019: *Oenological Practices and Restrictions Regulation 2019* (n 226) art 17(2). Before this date, the relevant regulation was the *Grapevine Regulation 2009* (n 23).

231 *Common Market Organisation Regulation 2013* (n 196) art 94(2).

232 Ibid.

233 *PDO and PGI Applications Delegated Regulation 2019* (n 29) Preamble para 8.

234 *EC GI Fact Sheet* (n 217) 5.

235 *Common Market Organisation Regulation 2013* (n 196) art 93(1)(a).

236 See *Prosecco Decision* (n 99) [34], [42] (Deputy Registrar Arblaster); 'Prosecco Product Specification 2020' (n 227) art 9. See also, more recently, *Publication of a Communication of Approval of a Standard Amendment to a Product Specification for a Name in the Wine Sector Referred to in Article 17(2) and (3) of Commission Delegated Regulation (EU) 2019/33* [2019] OJ C 412/25, 412/29–30 ('*Prosecco Product Specification: 2019 Amendment*').

237 Stern and Fund (n 109) 50–1.

238 See above Part III(C).

to the wine.[239] Whilst it could be argued that the link is too general for the attribution of a PDO, the development of EU GI law suggests otherwise.

In the 1970s, the ECJ invalidated GIs that were not endowed with specific attributes from their location such that they were distinct from all other products.[240] By contrast, more recent cases (adopted after the 1992 agricultural and GI reforms)[241] suggest that a more indirect link between the product and a specific quality, reputation or other characteristic associated with the GI may now be sufficient.[242] This used to be specifically the case where reputation was concerned. In *Exportur SA v LOR SA*,[243] for example, the ECJ considered whether the Spanish GIs 'Touron Alicante' and 'Touron Jijona' could be used on confectionery made in France. It found that, despite the absence of an objective link, designations

> may nevertheless enjoy a high reputation amongst consumers and constitute for producers established in the places to which they refer an essential means of attracting custom. They are therefore entitled to protection.[244]

Since then, looser links have become more common across PGIs and PDOs. Protection as a GI can today be granted even if the indication is not actually the name of a location, as long as the non-geographical name can inform consumers about the product's provenance and the name has not become generic.[245] This position is arguably at odds with both EU GI definitions,[246] and international

239 *Prosecco Product Specification: 2019 Amendment* (n 236) 412/28–9.

240 See, eg, *Commission of the European Communities v Federal Republic of Germany* (C-12/74) [1975] 2 ECR 181 ('*Sekt Case*').

241 The 1992 'MacSharry Reform' solidified the link between the EU's CAP and its GI regime: Zappalaglio (n 7) 137. In addition, the adoption of *Repealed EEC Regulation 1992* led to the establishment of the EU's sui generis GI system for foodstuffs, introducing the distinction between PDOs and PGIs: *Repealed EEC Regulation 1992* (n 192) 80, 137.

242 See, eg, *Exportur SA v LOR SA* (C-3/91) [1992] ECR I-5529 ('*Exportur*'); *Budějovický Budvar np v Rudolf Ammersin GmbH* (C-216/01) [2003] 11(A) ECR I-13617 ('*American Bud 2003*'); *Federal Republic of Germany v Commission of the European Communities* (C-465/02 and C-466/02) [2005] 10(B) ECR I-9115 ('*Feta Case*'); *Budějovický Budvar np v Rudolf Ammersin GmbH* (C-478/07) [2009] 8/9(A) ECR I-7721 ('*American Bud 2009*').

243 *Exportur* (n 242).

244 *Exportur* (n 242) I-5562 [28].

245 See *American Bud 2003* (n 242) I-13680–1 [54], I-13687–8 [82]–[84]. Note, though, that this case was not concerned with EU GIs per se, but whether a Czech non-geographical indication constituted a prohibited restriction on free trade under EU law. By contrast, in *Consorzio Tutela Aceto Balsamico di Modena v Balema GmbH* (Court of Justice of the European Union, C-432/18, ECLI:EU:C:2019:1045, 4 December 2019) ('*Balsamico Case*'), the Court found that 'balsamic' was a generic constituent of 'Aceto Balsamico di Modena' and therefore not protected: at [34], [36].

246 See *American Bud 2003* (n 242) I-13680–1 [54]. The matter was debated in the *Feta Case*. The *Repealed EEC Regulation 1992* allowed for '[c]ertain geographical or non-geographical names'

understandings of GIs.[247] Under EU law, it is now apparently enough for a term to essentially 'evoke'[248] the product and its origin, like 'cava' identifying a Spanish sparkling wine,[249] and 'feta' identifying a Greek cheese.[250] It is, moreover, noteworthy that 'feta' has been adopted as a PDO instead of a PGI,[251] so that the existence of a direct link had to be accepted. However, as argued by Zappalaglio, the distinction between PDOs and PGIs is blurring, and 'the qualitative/terroir link, which characterises [a] PDO',[252] historically expressed through 'features of the soil and the specificities of the local know-how',[253] is increasingly articulated with reference to reputation and historical elements as part of the 'human element'.[254] Combining with these insights is the ECJ's hesitance to find that a name is the common name for a good. In a challenge to the GI status of feta cheese in *Federal Republic of Germany v Commission of the European Communities* ('*Feta Case*'),[255] it held that, notwithstanding widespread use across the EU, the term 'Feta' had not become generic as the vast majority of such cheeses alluded to Greece on their labels.[256] Feta therefore qualified as a geographical indication,

to qualify as PDOs, though these still had to meet the requirement of a 'defined geographical area' and link product quality or characteristics to a 'particular geographical environment': *Feta Case* (n 242) I-9199–200 [46]–[50], citing *Repealed EEC Regulation 1992* (n 192) arts 2(2)(a), 2(3). The Regulation was repealed in 2006, but there is no suggestion that case law will change, since similar considerations have been adopted in cases not concerned with it: see, eg, *American Bud 2009* (n 242).

247 See Taubman, Wager and Watal (eds) (n 10) 80.

248 Here used in its ordinary dictionary form and without reference to the concept of evocation used in EU GI law, which grants protection to a GI when use of a term or image could evoke or 'set in train in the mind of the public an association of ideas regarding that origin': *Bureau national interprofessionnel du Cognac v Gust Ranin Oy* (C-4/10 and C-27/10) [2011] 7(A) ECR I-6131, I-6153 [46] ('*Cognac Case*'). Evocation has previously been used to protect Prosecco from a violation by 'Nosecco' within the EU: *Les Grands Chais de France SAS v Consorzio di Tutela della Denominazione di Origine Controllata Prosecco* [2020] EWHC 1633 (Ch), [51] (Nugee J) <https://www.bailii.org/ew/cases/EWHC/Ch/2020/1633.html>. The EC is now seeking to have this concept adopted in Australia via bilateral agreement: European Commission, *Initial Text Proposal for EU–Australia Free Trade Agreement: Intellectual Property* (13 June 2018) art X.34 <https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/australia/eu-australia-agreement/documents_en>.

249 *EU Protected Designation of Origin No PDO-ES-A0735* (Registered on 13 June 1986).

250 *Feta Case* (n 242) I-9189 [21]. See also the opinion handed down by Advocate-General Colomer of the ECJ in *American Bud 2009* (n 242) I-7741 [72]. The same is true when it comes to the protection of GIs — the ECJ recently held that figurative signs that evoke a GI can constitute a violation of that GI: *Manchego Case* (n 196) [32].

251 *EU Protected Designation of Origin No PDO-GR-0427*, filed on 17 January 1995 (Registered on 15 October 2002).

252 Zappalaglio (n 7) 2 (emphasis omitted).

253 Ibid 15.

254 Ibid 173.

255 *Feta Case* (n 242).

256 Ibid I-9209–10 [87]–[90].

despite the fact it was not the name of a place,[257] and even though it covered almost the entire Hellenic Republic.[258] Applying the *Feta Case* principles to Prosecco explains how it is possible that the EU was ready to accept a PDO on the basis of relatively general descriptions linking a wine to a vast area in Northern Italy. Moreover, as further expanded upon below, the *Feta Case* suggests that less immediate links will be acceptable in cases where the applicant country seeks to protect its tradition and reputation against competitors to whom economic motives are ascribed.[259] Given Europe's apprehension of Australian competition, this further explains why the EU would allow such a loose link to establish the Prosecco PDO. What is more, the European rules on objections to GIs could not have made a difference to the Prosecco GI's adoption.

B Grounds for Objection

GI applications that have been approved by national bodies and meet the EU requirements are generally accepted by the European Commission, unless an objection is made out.[260] Objections may be submitted within two months from the date of publication of GI status in the *Official Journal of the European Union* by 'any Member State or third country, or any natural or legal person having a legitimate interest'.[261] However, only limited objections are recognised in the EU and those available could not have prevented the registration of Prosecco.

1 *Trademarks*

Prior trademarks can constitute the basis for an objection to GI adoption, but only if registration would 'jeopardise the rights of a trade mark holder' whose grapevine products have been on the market for at least five years at the time of the GI's adoption.[262] Case law suggests that the impact on competition is not otherwise considered in registering a GI,[263] and a trademark owner's rights cannot prevent the *use* of a geographical indication, unless such use would cause genuine confusion and would not be in accordance with honest practices in industrial and

257 This appeared at the time, or was at least decided as, compatible with applicable legislation: see above n 246.

258 *Feta Case* (n 242) I-9199 [44].

259 Greece produced feta primarily for national consumption as part of a traditional diet, whereas Denmark produced feta for exportation: *Commission Regulation (EC) No 1829/2002 of 14 October 2002 Amending the Annex to Regulation (EC) No 1107/96 with Regard to the Name 'Feta'* [2002] OJ L 277/10, Preamble paras 13–14 ('*Feta Regulation*').

260 *Common Market Organisation Regulation 2013* (n 196) arts 96–8.

261 Ibid art 98.

262 *PDO and PGI Applications Delegated Regulation 2019* (n 29) art 11(1)(c). See *Bavaria NV v Bayerischer Brauerbund eV* (C-343/07) [2009] 7(A) ECR I-5536 on the coexistence of the 'Bavaria' trademark and the 'Bayerisches Bier' PGI.

263 See Moir (n 1) 129; *Consorzio del Prosciutto di Parma v Asda Stores Ltd* (C-108/01) [2003] 5(B) ECR I-5121; *Northern Foods plc v Department for Environment, Food and Rural Affairs* [2007] 1 All ER 216; *Feta Case* (n 242).

commercial matters.[264] Although trademarks comprising the word 'Prosecco' existed in 2004 (five years prior to 2009), these were exclusively European-owned,[265] and there is no evidence that approval of the Prosecco GI 'jeopardise[d]' the rights of these trademark holders. Since adoption of the GI, the only accepted trademarks have been for Italian prosecco producers,[266] so that there is little chance of confusion or deliberate attempts to undermine the existing trademarks. The trademark exception would therefore not have been applicable.

2 *Homonyms*

GI applications can be objected to if the name is (partly) homonymous with a GI already registered at the EU or national level, and it is likely to cause confusion.[267] This is not a very important ground of objection, and at the time of the Prosecco GI's adoption, there was little risk of confusion with an existing homonymous GI.[268]

3 *Common Names*

An objection to GI registration can be made out when the name applied for has *previously* 'become generic' (note here the difference between prior genericness and the EU prohibition on GI names becoming generic after their adoption).[269] For example, the ECJ held in 1975 that the German words *Sekt* and *Weinbrand*, which translate to 'sparkling wine' and 'brandy', could not be considered GIs because they artificially imposed a geographical limitation based on language alone.[270] Whether this would still be the case is nonetheless unclear, given that Cava ('sparkling wine' in Spanish) has since been granted GI status.[271] The test for genericness is whether the 'average [European] consumer who is reasonably well informed and reasonably observant and circumspect'[272] would regard the word as

264 *Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark (Codification)* [2017] OJ L 154/1, arts 7(1), 9(2)(b), 14 ('*EU Trademark Regulation 2017*'). For prior to its codification, see *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* (C-100/02) [2004] 1(B) ECR I-691, I-720 [24]–[25].

265 See the search result for 'Prosecco': 'eSearch Plus: The EUIPO's Database Access', *European Union Intellectual Property Office* <https://euipo.europa.eu/eSearch/>.

266 Ibid.

267 *Common Market Organisation Regulation 2013* (n 196) art 100.

268 Similar existing GIs were Conegliano Valdobbiadene–Prosecco, Valdobbiadene–Prosecco and Conegliano–Prosecco: *EU Protected Designation of Origin No PDO-IT-A0515* (Registered on 18 September 1973), but these are all part of the Prosecco region.

269 *Common Market Organisation Regulation 2013* (n 196) arts 101, 103(3).

270 *Sekt Case* (n 240) 194 [8]; Gangjee, 'Geographical Indications and the Reputational Link' (n 193) 48.

271 *EU Protected Designation of Origin No PDO-ES-A0735* (Registered on 13 June 1986).

272 *Viiniverla Oy v Sosiaali-ja terveysalan lupa-ja valvontavirasto* (Court of Justice of the European Union, C-75/15, ECLI:EU:C:2016:35, 21 January 2016) [28]; *Manchego Case* (n 196) [44]. See also at [45]–[50].

generic, though evocations on labels and in marketing that associate a product with a certain place also feed into the determination.[273]

The *Feta Case* elaborates on this and is instrumental in explaining why the objection that Prosecco is a generic name for a kind of wine would not be accepted in the EU. Both the *Feta Case* and the feta PDO publication make it clear that attribution of a PDO is justified where explicit or implicit reference is made to a country's 'territory, culture or tradition', with the link to that country 'deliberately suggested and sought as part of a sales strategy that capitalises on the reputation of the original product'.[274] This is so even if the product is only seen to carry a geographical connotation in the country seeking the GI status, whereas consumers in other producing countries regard the name as generic.[275] As a result, any Australian reference to the Italian history of the Prosecco grape variety and wine style would most likely not be seen as reflective of an immigrant community the way it is perceived in Australia, but a confirmation of Italy's rightful claim to the PDO under the assumption that Australian producers seek to capitalise on an Italian reputation. Since Australian producers and distributors have made such historical references, and evocations of Mediterranean culture are quite common in the wine industry,[276] a claim to genericness would have been bound to fail.

4 *Grape Variety*

The principal argument against the recognition of Prosecco as a GI is that it is a grape variety. However, EU law does not include variety status as a ground for objection and such status is also not otherwise recognised as a barrier to GI recognition. To the contrary, *Common Market Organisation Regulation 2013* states: 'Where the name of a wine grape variety contains or consists of a protected designation of origin or a protected geographical indication, that name shall not be used for the purposes of labelling agricultural products.'[277] Hence, the GI usurps the use of the grape variety in labelling, even if it only partly overlaps with the GI.[278] A few exceptions are included in a published list of some limited varieties and specific EU and non-EU countries that are allowed to use these varietal names in labelling.[279] Prosecco is not on that list. Hence *the key argument against registration of Prosecco as a GI — that it is a grape variety — is not a ground of objection available in the EU.* Moreover, the adoption of the Prosecco GI immediately foreclosed the ability to mention the Prosecco grape variety on EU

273 See *Manchego Case* (n 196) [40]–[42].

274 *Feta Regulation* (n 259) Preamble para 20. See also *Feta Case* (n 242) I-9209–10 [87]–[89].

275 *Feta Case* (n 242) I-9209 [86].

276 See William Skinner, 'Fermenting Place: Wine Production and Terroir in McLaren Vale, South Australia' (PhD Thesis, University of Adelaide, September 2015) 90.

277 *Common Market Organisation Regulation 2013* (n 196) art 100(3). See also *PDO and PGI Applications Delegated Regulation 2019* (n 29) Preamble para 44.

278 See Vadim Mantrov, *EU Law on Indications of Geographical Origin: Theory and Practice* (Springer, 2014) 223.

279 *PDO and PGI Applications Delegated Regulation 2019* (n 29) annex IV.

labels. Given that Prosecco was not subsequently included on the EU's list of exempted varieties, the renaming of the grape variety at the EU level could thus be explained by a need to name the grapes something other than Prosecco. The European rules for wine GIs here contrast with EU legislation for GI applications for other agricultural products and foods that prohibit the names of plant varieties from being registered.[280] They are also contrary to the established position in most relevant international treaties, which all allow for the exclusion of grape varieties from GI protection.[281] The fact that there are a number of crossovers between European GIs and grape variety names suggests this may have been a conscious decision, aimed at the protection of European wine production in line with the aims underpinning the EU's GI regime.

Despite the outrage caused by the EU's adoption of the Prosecco GI, when taking the applicable EU rules with their evolving interpretations and underlying objectives into account, the granting of GI status is not ultimately surprising. Although the accepted loose link between the region and the wine remains somewhat dubious, the protection of Prosecco as an Italian GI fits well within a system that is protective of European heritage with concomitant traditional, quality-based claims, and which values its producers and internal market as much as consumers.[282] Whereas others might regard GIs as vehicles to identify the true origin of a good, it appears that to the EU, GIs serve principally to protect its producers and the reputation of products traditionally produced within its borders, guarding their historical connection to the continent. The Australian and EU positions are in this respect opposed, which makes it helpful to examine whether the overarching *TRIPS* agreement can play the role of final arbiter.

V THE WTO'S TRIPS SYSTEM

The WTO's 1995 *TRIPS* is a multilateral agreement on intellectual property that includes a specific section on geographical indications.[283] It builds on (and at times cross-references) the *Paris Convention for the Protection of Industrial Property* ('*Paris Convention*'),[284] which has since 1883 prohibited 'false indication[s]' as to

280 *Quality Schemes for Agricultural Products and Foodstuffs Regulation 2012* (n 211) art 6(2).

281 See *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods*, opened for signature 31 October 1958, 828 UNTS 163 (entered into force 1 June 1963) art 4; *Geneva Act of the Lisbon Agreement* (n 215) art 12 n 2; *TRIPS* (n 1) art 24(6). See also Friedmann (n 10) 424.

282 *Common Market Organisation Regulation 2013* (n 196) art 92(2).

283 *TRIPS* (n 1) pt II s 3.

284 *Paris Convention for the Protection of Industrial Property*, opened for signature 14 July 1967, 828 UNTS 305 (entered into force 26 April 1970) ('*Paris Convention*').

source[285] and 'unfair competition'[286] in respect of what would today be known as GIs. The *TRIPS* was adopted with a view to 'reduc[ing] distortions and impediments to international trade' and ensuring that 'measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade'.[287] The focus was therefore on enhancing trade, albeit in a regulated manner that prevents distortions.

GI provisions were a particularly contentious point in the *TRIPS* negotiations. Disagreement existed especially between Australia and the EU, who were simultaneously negotiating the bilateral *Australia–EC Wine Agreement 1994*.[288] The record of negotiations is illuminating: there was 'profound disagreement' on the very principle of GI protection.[289] Challenges to proposed GI protection came from, inter alia, Australia, the United States and Canada, though Australia and Chile were the 'most active and persistent', aiming to ensure continued use of traditional wine names for their growing wine industries.[290]

Prior to presenting its collective position, disagreement on levels of GI protection had even featured internally in the EU.[291] As a collective, however, the EU emphasised that protection for GIs, particularly wines and spirits, was 'a "must

285 Ibid art 10. The provision is said to only apply to instances of 'serious' or 'blatant' fraud as to indications of source: Kevin M Murphy, 'Conflict, Confusion, and Bias under TRIPs Articles 22–24' (2004) 19(5) *American University International Law Review* 1181, 1200–1 n 111, 1201 n 115. This is despite 'fraudulent intention' having been removed as an explicit requirement in 1958: GHC Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* (United International Bureaux for the Protection of Intellectual Property, 1968) 138–40. Generic terms, meanwhile, are not protected: at 139–40.

286 *Paris Convention* (n 284) art 10*bis*. This has been interpreted by the WTO Panel via cross-reference under the *TRIPS* (n 1) art 22(2)(b) as 'something that is done by a market actor to compete against other actors in the market in a manner that is contrary to what would usually or customarily be regarded as truthful, fair and free from deceit within a certain market': Panel Report, *Australia — Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO Docs WT/DS435/R, WT/DS441/R, WT/DS458/R and WT/DS467/R (28 June 2018) [7.2667] ('*Australia Plain Packaging Case*').

287 *TRIPS* (n 1) Preamble.

288 See above Part III. See especially sub-Part A.

289 Mogens Peter Carl, 'Evaluating the TRIPS Negotiations: A Plea for a Substantial Review of the Agreement' in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement: Personal Insights from the Uruguay Round Negotiations* (World Trade Organization, 2015) 99, 116.

290 Thomas Cottier, 'Working Together towards TRIPS' in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement: Personal Insights from the Uruguay Round Negotiations* (World Trade Organization, 2015) 79, 86. See also William Cornish and Kathleen Liddell, 'The Origins and Structure of the TRIPS Agreement' in Hanns Ullrich et al (eds), *TRIPS Plus 20: From Trade Rules to Market Principles* (Springer, 2016) 3, 30.

291 This was the result of a split between (roughly) Southern Europe, which had a long history of GI protection, and Northern Europe where emphasis was on dishonest practices as part of, eg, passing off: see Gangjee, 'Geographical Indications and the Reputational Link' (n 193) 44–51.

have" element' of the treaty.[292] It proposed adopting high-level protection and the establishment of an international GI register similar to the *Lisbon Agreement*.[293] Australia, by contrast, was 'not necessarily looking for the highest possible standards or the broadest scope of protection'.[294] Its counterproposal focussed on measures sufficient to prevent misleading of the public,[295] and avoiding both 'inadequate or excessive protection of intellectual property in trade'.[296] The provisions' final conception represents a compromise,[297] aimed at providing 'effective and adequate protection'.[298] Whether such protection should be extended to Prosecco, however, is rather uncertain.

A Definitions

Unlike the EU or Australia, the WTO does not operate its own GI register, and it is for member states to accept and protect GIs in line with the definitions and requirements set out in the *TRIPS*. Failing this, an affected member can bring a case to the WTO for dispute settlement in relation to the *TRIPS* or another relevant agreement.[299]

The *TRIPS* contains both general GI protection provisions, as well as specific provisions relating to wine and spirits.[300] Article 22(1) defines geographical indications as

> indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.[301]

292 Catherine Field, 'Negotiating for the United States' in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement: Personal Insights from the Uruguay Round Negotiations* (World Trade Organization, 2015) 129, 147.

293 Ibid.

294 *Meeting of Negotiating Group of 12–14 July 1989*, GATT Doc MTN.GNG/NG11/14 (12 September 1989) (Note by the Secretariat) [6] ('*1989 Negotiating Group Meeting on TRIPS*').

295 Field (n 292) 147–8.

296 *1989 Negotiating Group Meeting on TRIPS*, GATT Doc MTN.GNG/NG11/14 (n 294) [6].

297 Handler, 'Rethinking GI Extension' (n 92) 1.

298 *TRIPS* (n 1) Preamble.

299 See, mutatis mutandis, the cases against India regarding implementation of a patent regime: Appellate Body Report, *India — Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WTO Doc WT/DS50/AB/R (19 December 1997); Panel Report, *India — Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WTO Doc WT/DS79/R (24 August 1998).

300 *TRIPS* (n 1) arts 22–4.

301 Ibid (n 1) art 22(1). The definition comprises both GIs and designations of origin: Panel Report, *European Communities — Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, WTO Doc WT/DS174/R (15 March 2005) [7.738] ('*EC Trademarks and GIs Case*').

The GI must provide a link to an eligible geographical area; a territory, region or locality, and the good must be from that area ('originate' in it).[302] With its requirement that the GI 'identify' the wine 'as originating in' a certain area, the *TRIPS* provision raises issues similar to those discussed above in relation to Australian law:[303] it is difficult to argue that the name Prosecco can be used to identify a wine originating in any vineyard across a vast part of Northern Italy. Doing so would also sit ill with the regime's object and purpose, which was considered in a WTO Panel Report which held that the art 22(1) definition 'reflects a legitimate interest that a person may have in identifying the source and other characteristics of a good by the name of the place where it is from'.[304] The legitimacy of this interest was deemed intimately linked with the 'descriptive function of GIs'.[305] Accepting Prosecco as a GI jars with the identified legitimate interest, especially since the town of Prosecco is not itself a major producer of Prosecco wine, so that one cannot truly use the name to identify the source by 'the name of the place where it is from'.[306]

The origin link with the attributes of 'quality, reputation or other characteristic' is somewhat contested on a textual basis due to use of the qualified phrase 'essentially attributable' in the *TRIPS*.[307] However, the provision's interpretation in the above Panel Report suggests that the link should be direct, or at least close.[308] Davison et al have argued that the origin link requirement cannot be met for Prosecco, because '[t]he actual nature of Prosecco is that it is a wine made from a particular grape variety',[309] unrelated to geography. This may be too quick a dismissal where it could be useful to examine the relevant links. The quality link can comprise 'measurable properties' such as those related to the elements, including the grapes, soil, water, altitude and climate, which are unique to the location and from which the product derives its unique quality.[310] Less tangible are 'other characteristics' which may include attributes like 'colour, texture and

302 See Panel Report, *EC Trademarks and GIs Case*, WTO Doc WT/DS174/R (n 301) [7.682]–[7.683]. See also Michael Handler, 'The WTO Geographical Indications Dispute' (2006) 69(1) *Modern Law Review* 70, 73.

303 See above Part III(C).

304 Panel Report, *EC Trademarks and GIs Case*, WTO Doc WT/DS174/R (n 301) [7.682]. The decision was not appealed.

305 Ibid [7.683].

306 Ibid [7.682].

307 See Calboli (n 201) 61.

308 Panel Report, *EC Trademarks and GIs Case*, WTO Doc WT/DS174/R (n 301) [7.682]–[7.683]. Only two WTO cases so far have directly dealt with GIs, namely the *EC Trademarks and GIs Case* and the *Australia Plain Packaging Case*: see above n 286. Authoritative interpretations are thus scarce.

309 Davison, Henckels and Emerton (n 16) 121. There seems to be some confusion, though, between their use of an 'essential attribute' and the term 'essentially attributable to': see at 121–2.

310 Giovannucci et al (n 199) 16. See also Daniel J Gervais, 'Reinventing Lisbon: The Case for a Protocol to the Lisbon Agreement (Geographical Indications)' (2010) 11(1) *Chicago Journal of International Law* 67, 117.

fragrance'.[311] As argued above (and will not be repeated here),[312] it is almost impossible to attribute a single quality or characteristic of Prosecco wine to the whole of the Prosecco GI area (*and just to this area*), as varied as it is. This, perhaps, explains why the EU has in more recent years made its arguments primarily based on reputation.[313] As discussed above, in the *Prosecco Decision*, the EU made claims (not all accepted) around the references to 'Italian language and culture and sometimes … direct reference to the Italian GI',[314] as well as 'the significant international distribution and reputation of Prosecco and the evocation of that reputation in much of the promotional literature'.[315]

The difficulty with the EU's approach here is that it relies heavily on suggestion and reference, rather than a distinct reputation that is directly or closely linked to the specific geographical area identified as the GI region. Whether this is sufficient for the *TRIPS* remains an unresolved question. There is currently no authoritative guidance (such as from a WTO Panel decision) on how the reputation link should be interpreted and established to qualify for GI protection under the *TRIPS*.[316] 'Reputation' itself was included as part of a compromise to appease the EU, which sought to prevent the 'New World' from (ab)using 'Old World' reputations for quality.[317] No WTO cases have yet directly addressed the reputation link,[318] though the World Intellectual Property Organisation supports the view that reputation is 'closely linked to the history and historical origin of the product' particularly in its 'human skills dimension'.[319] Gangjee has suggested that reputation could be defined as a contemporary reputation that builds on a historical one, linked to distinctive features of a product attributable to natural or human factors specific to a region (eg the know-how of local artisans).[320] This would be almost impossible for the EU to make out in respect of Prosecco, due to the distinct histories and winemaking practices of the Trieste (Prosecco) and Veneto areas, as commented

311 Giovannucci et al (n 199) 17, citing David Vivas Eugui and Christoph Spennemann, 'The Treatment of Geographical Indications in Recent Regional and Bilateral Free Trade Agreements' in Meir Perez Pugatch (ed), *The Intellectual Property Debate: Perspectives from Law, Economics and Political Economy* (Edward Elgar, 2006) 305, 309, citing UNCTAD–ICTSD, *Resource Book on TRIPS and Development* (Cambridge University Press, 2005) 290.

312 See above Parts III(C), IV(A).

313 See *Prosecco Product Specification: 2019 Amendment* (n 236) para 9; *Prosecco Decision* (n 99) [34], [42] (Deputy Registrar Arblaster).

314 *Prosecco Decision* (n 99) [34].

315 Ibid [42].

316 Ibid; Murphy (n 285) 1214–15.

317 Thu-Lang Tran Wasescha, 'Negotiating for Switzerland' in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement: Personal Insights from the Uruguay Round Negotiations* (World Trade Organization, 2015) 159, 178.

318 See Gangjee, 'Geographical Indications and the Reputational Link' (n 193) 36, 44. By contrast, see above Part III(A) on EU case law in relation to reputation and GIs.

319 Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, *Geographical Indications*, WIPO Doc SCT/10/4 (25 March 2003) [23].

320 Gangjee, 'Geographical Indications and the Reputational Link' (n 193) 56.

on above.[321] At present, however, there is 'a curious absence of criteria that would help to establish [the reputation] link'.[322] As a result, it is uncertain how the WTO's Dispute Settlement System might interpret a reputation link, or how it would react to EU claims that are essentially grounded on evocations of Northern Italy. It is not likely that the latter will be sufficient for *TRIPS* GI status. The goal of the *TRIPS* is to enhance trade by reducing 'distortions and impediments' and offering 'effective and adequate protection',[323] rather than providing avenues for appropriation. This is reflected by the various references to true origin and avoidance of misleading (the public) in the *TRIPS* GI provisions,[324] as well as the preamble's warning against the enforcement of intellectual property rights 'themselves becom[ing] barriers to legitimate trade'.[325] Together with the difficulties posed by the need for the wine to 'originate in' the identified region, the descriptive function of GIs, and the circumstances of Prosecco's transformation, this makes it improbable that Prosecco could be eligible for GI status under the *TRIPS*. Such an outcome is especially important in view of the limitations that exist on exceptions under the *TRIPS*.

B Exceptions under TRIPS

As a result of the WTO not operating its own GI register, there is no formal objection procedure at the WTO level before protection is offered. Moreover, wine GIs enjoy enhanced protection under art 23 of the *TRIPS*: any use on wines which do not actually originate in the place indicated by the GI is proscribed, even if the GI is qualified by an expression such as 'kind', 'style' or 'imitation', and even if the true source of the wine is also indicated.[326] This strong-form protection negotiated by the EU is sometimes called 'absolute'.[327] However, it is 'significantly tempered by the important exceptions'[328] that were negotiated by the 'New World' countries. Article 24 of the *TRIPS* provides that member states do not, inter alia, need to offer protection where the GI name is the common name for

321 See above Part III(C).

322 Gangjee, 'Geographical Indications and the Reputational Link' (n 193) 39.

323 *TRIPS* (n 1) Preamble.

324 See ibid arts 22–3. Some of these references and the cross-references to the *Paris Convention* concerned with misleading and unfair competition (or dishonest practices in trade) are made in respect of non-wine GIs. However, it is important to consider the treaty as a whole, and may be taken as emphasising the core aims of the *TRIPS*: see *Vienna Convention on the Law of Treaties*, opened for signature 23 May 1969, 1155 UNTS 331 (entered into force 27 January 1980) art 31.

325 *TRIPS* (n 1) Preamble.

326 Ibid art 23. By comparison, for other GIs, misleading of the public or unfair competition in the sense of the *Paris Convention* must be made out: *TRIPS* (n 1) art 22(2). This places a significant evidentiary burden on those seeking GI protection: see Suresh C Srivastava, 'Geographical Indications under TRIPS Agreement and Legal Framework in India: Part I' (2004) 9(1) *Journal of Intellectual Property Rights* 9, 13–14; Aaron C Lang, 'On the Need to Expand Article 23 of the TRIPS Agreement' (2006) 16(2) *Duke Journal of Comparative and International Law* 487, 490–1.

327 Taubman, Wager and Watal (eds) (n 10) 89.

328 Ibid.

a good, has been grandfathered, or is the name of a grape variety.[329] GIs also cannot invalidate existing trademarks, although they can obstruct future ones.[330] It is, however, important to note that the *TRIPS* exceptions do not invalidate a GI, but rather grant a member state the discretion to not protect it. This means that Australia cannot, on the basis of *TRIPS* exceptions, prevent the EU's move towards seeking protection for Prosecco anywhere in the world other than its own national territory, though it can separately challenge the EU's and third countries' implementation of GI protection as a barrier to trade.[331] The main relevant exceptions are the following.[332]

1 *Trademarks*

Article 23(2) of the *TRIPS* states that registration of a trademark containing or consisting of a GI should be refused or invalidated at the request of an interested party, or, if legislation so permits, *ex officio*. GIs thus prevail over trademarks. However, art 24(5) enables the continued use of trademarks that are identical or similar to a GI, if applied for or registered, or used in good faith, either prior to the enactment of the *TRIPS* or before the GI is protected in its country of origin.[333] This is important for cases where wine is marketed under a name that later becomes a GI, as was the case for the Kaiser-Stuhl trademark in Australia.[334] In the case of Prosecco, it is especially relevant that the country of origin (Italy) only protected the name in 2009, whereas many trademarks were already in use by that time. Under the *TRIPS*, both the EU and Australia are allowed to maintain a system where GIs and trademarks coexist, as is the case for Prosecco. Whilst a trademark dispute could arise if the EU were in the future to refuse to register Australian trademarks containing the word Prosecco,[335] the trademark exception cannot as such function as a bar to Prosecco GI recognition under the *TRIPS*.

329 *TRIPS* (n 1) arts 24(4), (6).

330 Ibid arts 22(3), 23(2), 24(5).

331 This grounded the action in the *EC Trademarks and GIs Case*: Panel Report, *EC Trademarks and GIs Case*, WTO Doc WT/DS174/R (n 301) [7.368]. See also Davison, Henckels and Emerton (n 16) 122–3; Friedmann (n 10) 427.

332 Other exceptions are a person's right to use their name (or that of their predecessor), unless used in such a manner as to mislead the public: *TRIPS* (n 1) art 24(8); and GIs that are not, or cease to be, protected in their country of origin and/or have fallen into disuse: at art 24(9). In addition, where a homonymous name exists, both names need to be protected subject to the determination of practical conditions: at art 23(3).

333 Ibid art 24(5).

334 See Stephen Stern, 'The Overlap between Geographical Indications and Trade Marks in Australia' (2001) 2(1) *Melbourne Journal of International Law* 224, 225.

335 The EU would do so under its relatively new trademark regulation: *EU Trademark Regulation 2017* (n 264) arts 7(1), 14. For previously applicable rules, see *Cognac Case* (n 248). See also Davison, Henckels and Emerton (n 16), which examines the issue of trademarks and barriers to trade: at 121–3.

2 *Grandfathering*

Article 24(4) of the *TRIPS* introduces the possibility for terms to be 'grandfathered',[336] meaning that they are exempted from GI rules as a result of anterior use. The *TRIPS* requires evidence of continuous use 'for at least 10 years preceding 15 April 1994 or … in good faith preceding that date' in the member state's territory.[337] Wines such as champagne would normally be considered to be grandfathered: the 'Victorian Champagne Company', for example, dates back to 1881.[338] Champagne was also found to be a generic term by the Federal Court of Australia.[339] That the indication 'Champagne' can now no longer be used in Australia is the result of its inclusion in the EU–Australia wine agreements, not because the *TRIPS* requires its protection. By contrast, it is unlikely that the grandfathering provision would be of practical use to Australia (and other objecting nation states) in the matter of Prosecco. The exception depends on continuous *use* of the name prior to 1994 (in good faith) or since 1984 (generally) *within Australia* (or the territory of another relevant *TRIPS*-contracting state where the objection is raised). Prosecco vines only started to be exported overseas in the late 1990s, with the first arriving in Australia in 1997.[340] Reliance on grandfathering is therefore time-barred.

3 *Common Use*

A more general common use exception that is not subject to time limitations can be found in the first sentence of *TRIPS* art 24(6). Member states are exempted from protecting indications that are 'identical with the term customary in common language as the common name for such goods or services in the territory of that Member'.[341] In such circumstances, the name is deemed to have become a 'generic term' and states do not need to afford it protection as a GI,[342] irrespective of whether the genericness arose before or after adoption of the GI.[343] It would have run counter the very goal of the *TRIPS* — to remove distortions and impediments to trade — to allow generic names to become protected GIs, because removing a customarily used name for a product is likely to distort the market. This was true for Australia when generic names became protected GI terms as a result of bilateral

336 Steven A Bowers, 'Location, Location, Location: The Case against Extending Geographical Indication Protection under the TRIPS Agreement' (2003) 31(2) *AIPLA Quarterly Journal* 129, 147.

337 *TRIPS* (n 1) art 24(4).

338 'Victorian Champagne Company', *The Argus* (Melbourne, 26 September 1881) 6, quoted in Handler, 'Rethinking GI Extension' (n 92) 9.

339 *Champagne TPA Case* (n 159) 670–2 (Franki J).

340 *Prosecco Decision* (n 99) [13] (Deputy Registrar Arblaster).

341 *TRIPS* (n 1) art 24(6).

342 See generally Dev S Gangjee, 'Genericide: The Death of a Geographical Indication?' in Dev S Gangjee (ed), *Research Handbook on Intellectual Property and Geographical Indications* (Edward Elgar Publishing, 2016) 508.

343 This is the result of there being no time limitations in respect of common use.

agreement with the EU, and household names like 'Champagne' and 'Tokay' disappeared from the market (to be replaced by varietal names).[344] Without such bilateral agreement, Australia does not need to protect the Prosecco GI if prosecco is commonly known within Australia as a type of sparkling wine made of Prosecco grapes. As argued above, the common use exception can possibly be made out for Australia, where there is now increasing evidence of such use within sales, official documentation, and amongst members of the public.[345] Conversely, in those *TRIPS* member jurisdictions where Prosecco is not a generic name for a type of wine, the exception does not apply. The worldwide effect of the genericness exception therefore depends on the narrative that surrounds Prosecco in the global export market, something on which market research would be required before any conclusions could be drawn.

4 *Variety Status*

The *TRIPS* exception most often invoked to reject Prosecco's GI eligibility is the one related to grape variety status. As stated in the second sentence of *TRIPS* art 24(6), with respect to 'products of the vine', member states need not protect a GI if the name is 'identical with the customary name of a grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement',[346] being 1 January 1995. The provision poses a barrier to the appropriation of vinicultural names; but it also brings back attention to a central aim of *TRIPS* GI protection, which is to avoid confusion leading to market distortion. Where a name is known as a grape variety, subsequent restriction of its use not only affects those in the vinicultural space, but is also likely to cause disorientation amongst consumers.[347] As Tobiassen argues, where varietal names

> are the customary and common names for the wine or spirits, the consumer's expectation is met and the consumer is not misled … consumers have come to recognize wine names based on a grape variety as describing the type of wine and not the geographical origin that may be part of the grape name.[348]

The exception relating to grape varietals is significant in the case of Prosecco, because 'Prosecco' is the customary name for the relevant grape variety used in Australia (and Europe until recently).[349] Whether the exception can indeed be relied upon is, however, somewhat controversial due to different interpretations of art 24(6). The question is whether it is sufficient that at the relevant time, 'Prosecco' existed simpliciter as a customary name for the variety in Australia (it

344 In respect of Tokay, see Project Steering Committee, Fortified Sustainability Project, *Australian Fortified Wines: The Dawning of a New Era* (Report, May 2009) 3 <https://www.agw.org.au/assets/strategies-plans/pdfs/Fortified_Wines_Strategy.pdf>. The USA also designates Tokay a semi-generic term: 26 USC § 5388(c)(2)(B) (2021).

345 See above Part III(D)(2).

346 *TRIPS* (n 1) art 24(6).

347 Tobiassen (n 166) 81.

348 Ibid.

349 *Wine Australia Regulations* (n 14) s 30. See also above Parts II and III(D)(3).

did),[350] or whether, as some commentators argue, Australia should have been growing or importing the variety itself by that moment (it did not yet).[351] Reading the *TRIPS* as a whole, the existence of the grandfathering provision points to an interpretation of the provision on grape varieties as concerned with formal recognition, rather than actual use, since actual use of an internationally recognised grape variety name would already be covered by use 'in good faith' under art 24(4) (and potentially the common use exception). Crucially, unlike the grandfathering and common use provisions, the grape variety exception uses the term 'existed' rather than 'use'.

The question for Prosecco would therefore be whether Australia had formally recognised Prosecco as a grape variety as of 1 January 1995. It had, somewhat ironically as a result of the *Australia–EC Wine Agreement 1994*: by that agreement, Australia commits to protecting the European GI *Montello e Colli Asolani* 'accompanied by … the name of one of the following vine varieties: … Prosecco'.[352] This means that even if Prosecco was, against all odds, to pass the *TRIPS* GI threshold, Australia would nevertheless not be required to protect the name. However, the exception says nothing about a global bar to protection, which depends on whether individual states have recognised Prosecco as a grape variety. General statements that Prosecco is 'universally recognised as a grape variety'[353] might not be sufficient for that purpose and it may be difficult to find actual evidence of varietal status prior to 1995 in other (potential) markets for Prosecco worldwide.

There tends to be a lot of emphasis on the *TRIPS* grape variety exception in the Prosecco debate.[354] However, whilst signalling a reluctance to cast the GI net too widely and despite giving Australia every right not to adopt the Prosecco GI, art 24(6) and other *TRIPS* exceptions may not have significant global effect. The hurdle requirement is therefore whether Prosecco meets the *TRIPS* definition of a GI itself. This definition is stricter than that employed by the EU, reflecting the objective of the *TRIPS* of regulated trade enhancement; Prosecco is unlikely to meet it.

350 Taubman, Wager and Watal speak of use as a customary name: Taubman, Wager and Watal (eds) (n 10) 91. Friedmann considers that art 24(6) applies to Prosecco: Friedmann (n 10) 425.

351 Severin Strauch and Katrin Arend, 'Article 24' in Peter-Tobias Stoll, Jan Busche and Katrin Arend (eds), *WTO: Trade-Related Aspects of Intellectual Property Rights* (Martinus Nijhoff Publishers, 2009) 418, 429.

352 *Australia–EC Wine Agreement 1994* (n 50) annex II, pt II(A)(V)(A) item 2.2.5. As previously noted, Australia did not at the time maintain a national system for grape varieties, instead relying on international recognition, including via the OIV (which it had joined in 1978) by which it would have assented to variety lists containing Prosecco: see above n 81.

353 See Amy Z Wang, 'Popping Prosecco's Bubble: Geographical Indications and the Prosecco War', *IP Whiteboard* (Blog Post, 23 January 2020) <https://ipwhiteboard.com.au/popping-Proseccos-bubble-geographical-indications-and-the-Prosecco-war/#:~:text=The%20name%20'Prosecco'%20was%20universally,as%20a%20GI%20in%20Australia.>.

354 See, eg, Davison, Henckels and Emerton (n 16) 121; Friedmann (n 10) 425.

VI CONCLUSION: PROSIT TO PROSECCO?

Following considerable objection to the possible inclusion of Prosecco in the EU–Australia free trade agreement still being negotiated, the Australian government formally announced in 2019 that the name would not be protected under the agreement.[355] However, the EU still seeks its insertion,[356] and a 2020 award by the federal government of a $100,000 research grant to Monash University to investigate the criteria, evidence and procedure that should be required to establish (an international) GI for wine within the context of trade agreements suggests that Prosecco's GI protection is not off the table.[357] This makes it important to understand where Prosecco sits in the interlocking GI systems at national (Australia), supranational (EU) and international levels. To simply dismiss GI protection because Prosecco is a grape variety disregards both the very different objects and purposes of the applicable GI regimes, and the nuances that surround exceptions to protection.

The EU's concern for its producers and internal market has driven the acceptance of increasingly loose links between geography and product. For the EU, GIs are a means to protect its heritage and market interests. As a result of longstanding wine traditions, it can lay claim to a large number of wine GIs, which are vigorously protected against 'New World' ventures. GIs thus present a legitimate form of protectionism, which further explains why the EU allows for few objections to GI status. Grape variety status is notably *not* a ground for objection, and cultural references to the geographical area immediately invalidate genericness objections. By contrast, Australia's system is outward-looking, in the sense that it seeks to stimulate wine trade with the EU and other jurisdictions. Its purpose is to accommodate Australia's international obligations and prevent misleading of the public. Or, as Australians would have it, it seeks to ensure a 'fair go', with the understanding that Australia is a land of immigrants who may refer to their European heritage. A key concern for Australia is that GI protection does not turn protectionist (which would undermine its own trade interests), and, to this end, its regime includes increasingly strict rules for the adoption of GIs, whilst also allowing for various objections, including that the name is generic or a recognised grape varietal at the time of the GI application. Genericness and varietal status are also recognised exceptions under international law, particularly under the *TRIPS*, the object of which is to enhance trade and offer adequate protection that does not itself become a barrier to trade. The *TRIPS* has stricter rules than the EU for the adoption of GIs, though these have not yet been tested. However, as an international treaty, it cannot encroach too far upon national sovereignty and its

355 Kneller (n 120) 561.

356 See Evidence to Senate Committee on Foreign Affairs, Defence and Trade Legislation, Parliament of Australia, Canberra, 24 October 2019, 155 (Simon Birmingham, Minister for Trade, Tourism and Investment).

357 Dan Tehan, 'Funding Research in the National Interest', *Ministers' Media Centre* (Media Release, 12 January 2020) <https://ministers.dese.gov.au/tehan/funding-research-national-interest>; 'Prosecco Legislation Investigated in Government Funded Study', *Monash University* (Media Release, 12 January 2020) <https://www.monash.edu/law/news/articles/current/prosecco-legislation-investigated-in-government-funded-study>.

provisions were subject to compromise following intense negotiations. This is reflected in the more stringent rules for GI protection, and in the *TRIPS* exceptions, which allow individual governments to forego protection within their own jurisdictions, and are time-limited.

GI status for Prosecco would be expected within the EU system, because it fits the narrative of tradition, and varietal status is not a concern. Conversely, GI protection would be entirely at odds with the Australian regime, both failing the requirements for a GI (minus objections), and constituting a prime example of where transformation of a varietal name into a GI would cause trade disruption. Moreover, varietal status takes on special significance in Australia: as the net started closing in on GIs and traditional expressions, Australian wine producers sought recourse in variety labelling. Relinquishing Prosecco would signal that there is no longer a reliable safety net. A key arbiter in the Prosecco dispute would ultimately be the WTO, pronouncing on the *TRIPS*. So far, Australia has principally made claims around varietal status, but whilst it has a strong case under the *TRIPS* to forego national protection on this ground, it may have little company worldwide. If Australia is seeking export markets for its Prosecco, the varietal exception will not be of much help. Ultimately, matters will hinge on whether Prosecco meets the *TRIPS* definition of a GI per se, which is unlikely to be the case when considering its GI requirements and the treaty's objects.

There are now three ways to resolve the deadlock around Prosecco.[358] Australia can cave in and protect the name as a bilateral commitment; it can remain steadfast in its opposition, but with the loss of export markets; or it can bring the EU or any other member state that protects Prosecco as a GI before the WTO Dispute Settlement System, claiming that such protection constitutes a technical barrier to trade because Prosecco is not a proper GI.[359] This would force the WTO to decide whether Prosecco meets the *TRIPS* definition. Ultimately, whilst the EU and Australia remain 'hectares' apart on Prosecco, it may be in Geneva that they will finally meet.

358 See Toohey (n 13) 192–3.

359 Ibid. See also Panel Report, *EC Trademarks and GIs Case*, WTO Doc WT/DS174/R (n 301); Panel Report, *Australia Plain Packaging Case*, WTO Docs WT/DS435/R, WT/DS441/R, WT/DS458/R and WT/DS467/R (n 286); Davison, Henckels and Emerton (n 16) 122–4.