

C: The Grape Variety, Wine, and Town of Prosecco

Article 22

Australia must provide a minimum level of protection for geographic indicators (“GIs”) as defined by Article 22 of TRIPS. This minimum level of protection would require Australia to prevent the use of marks that would mislead the public as to the geographic origin of a good, as well as any use that may be considered unfair competition. *Article 22(2)*.

With respect to the restaurant chain, the Italians are likely to argue that the “Prosecco” mark misleads the public. *Article 22(2)*. The fact that the “Prosecco” restaurant chain is an Italian-style chain would give strength to the Italian’s argument. But, Australia may point out that Article 22 applies only to goods, and that the “Prosecco” restaurant chain mark relates to the services provided by the restaurant. Additionally, Australia may argue that it is unlikely for the public to confuse a mark for sparkling wine with a mark for Italian-style restaurants.

Article 23

Australia must also provide a means for preventing the use of the Italian “Prosecco” GI for wine not originating in the Italian “Prosecco” region. *Article 23*. Since the Brown Brothers winery is calling a sparkling wine not made in the Italian Prosecco region “Prosecco,” that use would be in clear violation of Article 23. However, Article 23 is subject to certain exceptions discussed below.

Article 24(6) Exceptions

Australia need not protect the Italian “Prosecco” GI if it has become generic for sparkling wine in Australia. *Article 24(6)*. The comment by wine critic Robert Parker would indicate that the “Prosecco” mark has become a generic term for certain sparkling wines in all English speaking countries. However, it is unclear whether this comment is true for Australia as well, given that Australian wineries have just started planting the Prosecco grape. This determination would require more evidence relating to the use of “Prosecco” in Australia.

Additionally, Australia need not enforce the Italian “Prosecco” GI if it is identical with the customary name of a grape variety existing in Australia as of the date of entry into force of the WTO Agreement. *Article 24(6)*. While the Italian “Prosecco” GI is identical with one customary name of the grape, it is unclear whether this grape variety existed in Australia prior to the WTO agreement. The fact that Australian wineries have just started planting the grape would indicate that this exception does not apply. Additionally, Italy would argue that the official name of the grape is now Glera, and that the exception should not apply.

Article 24(5) Exceptions

The “Prosecco” restaurant chain mark may remain unprejudiced if it was applied for or registered prior to protection of the “Prosecco” GI in Italy. *Article 24(5)(b)*. There are two arguments for when the “Prosecco” mark was protected in Italy. The Italians will argue that such protection began in 1969 when the Conegliano-Valdobbiadene was given D.O.C. status. And while Prosecco may have been the name of a grape variety, labeling certain sparkling wines as “Prosecco” generally indicated that such wine came from the Italian D.O.C. zone. Australia may counter this by arguing that “Prosecco” is a grape variety, not a geographic region. Further,

“Prosecco” sparkling wine evokes only human production factors, which may not be protected under Article 22.

Alternatively, Australia may argue that “Prosecco” was not protected in Italy as a GI until 2009, when the town of Prosecco was finally given D.O.C. status. Prior to this year, only the Italian region of Conegliano-Valdobbiadene was a geographic indicator for sparkling wines. The term “Prosecco” referred only to a grape and a sparkling wine made from that grape.

If the Italian argument succeeds, the Article 24(5)(b) exception would not apply to the “Prosecco” restaurant chain mark. Consequently, the mark would be considered under Article 22 as discussed above. If the Australian argument succeeds, then the Article 24(5)(b) exception would apply to the “Prosecco” restaurant chain mark, and Australia would have no obligation to prevent its continued use.

It is unlikely that the Article 24(5)(b) exception applies to the Brown Brothers winery. First, there is no evidence that the Brown Brothers winery has a registered mark for “Prosecco” sparkling wine. And while it may be possible to obtain common law protection, the limited history of the Brown Brothers “Prosecco” sparkling wine would indicate that they have not obtained such protection.

Obligation to Negotiate

Along with the obligations discussed above, Australia must also be willing to enter into negotiations with Italy regarding the protection of GIs relating to wine and spirits. *Article 24(1)*. Australia may not use any of the exceptions provided in Article 24 to deny such negotiations.

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