

Question C: The grape variety, wine and town of Prosecco

a) Pursuant to TRIPS Article 23, if Prosecco is a PGI for the sparkling wines made in Italy, Australia wineries are not allowed to put Prosecco on their labels of similar wines, even if they indicate the wine is from Australia. Whether Australia is required to impose such bar to protect this newly-created Italian PGI depends on two issues. First, whether Prosecco is eligible for GI protection under article 22. Second, assuming Prosecco is a protectable GI, whether Australia can be exempted from its obligation under article 24.

Article 22 provides that GIs are indications which identify a good as originating in ..., where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. In the instant case, two explanations for naming the wine Prosecco are possible. One, the wine is named after the Prosecco grape. Second, the wine originated from the town of Prosecco and named after the town. The first explanation is more plausible here. As the article indicates, the grape Prosecco is specially selected in the steep-sloped vineyard of the historic Conegliano-Valdobbiadene zone for centuries. In 1969, this area is recognized as a D.O.C in Italy, with special regulations imposed to ensure higher quality wine. The sparkling wine is traditionally made in this area. Then the grape variety spread to the surrounding unregulated plants, which are geographically different from the D.O.C. These surrounding area, include the town of Prosecco, began to produce cheap sparkling wines. It is possible that the town is also named after the grape coincidentally. Beginning in 2004, the Prosecco wine became popular. Australia and Brazil began to plant the grape and started making their own version of Prosecco. Italy wanted to get the name back. It then made the area around the town of Prosecco

into a new D.O.C., renamed the grape variety and applied for an EU-wide PGI. On the basis of these facts, clearly, Prosecco should not be entitled to the GI protection under article 22 for two reasons. First, although it is unclear why the Prosecco wine became popular in 2004, historically, its good quality and reputation is attributable to its steep-sloped vineyards in Conegliano-Valdobbiaden, where regulations are in place to ensure the superior quality of wines. The area around the town of Prosecco is flat plains and only produces “oceans of cheap fizz.” It is dubious the well-embraced characteristic of the Prosecco wine is essential attributable to the area around the town of Prosecco. It is more convincing this wine is named after the grape, not the town. Second, it can be argued that Italy tried to bury the truth that the wine is named after the grape by renaming the Prosecco grape vine Glera. Italy may argue that the renaming is to prevent its sparkling wine from being referred by its grape name, and then it may lose GI protection later as the name becomes generic. This argument sounds plausible; however, it is clear that Italy tried to dismiss the other plausible explanation for naming the wine after the Prosecco grape.

Assuming, *arguendo*, that Prosecco enjoys the GIs protection under article 22, Australia need not to protect it if any exception under article 24 applies. Arguably, under 24(5)(b), if Austria wineries have already registered trademarks comprising Prosecco, before the GI is protected in Italy in 2009, the trademarks shall stay valid. Italy may argue it can date back the GI protection to 1969, when D.O.C is first assigned. However, this argument is not credible because the protection was given to Conegliano-Valdobbiadene, not to Prosecco area at that time. In addition, under 24(6), Australia can argue Prosecco has become the term customary in common language as the common name for the wine made of the Prosecco grape, therefore, the Prosecco shall not be protected in Australia. This argument may lose, because as the article

indicates the wine did not become popular until 2004 and the Australia started planting Prosecco grape very recently. As Robert Park states, this type of grape is widely known as Prosecco in English-Speaking world. However, it is different than saying the wine made of this grape is widely known as Prosecco. This genericism of Prosecco is much weaker than Champagne. Unless Australia can prove its public widely refers to this wine by its grape variety, it is hard to argue Prosecco has become generic, given the recent popularity of this wine. Furthermore, the second sentence of 24(6) does not provide Australia with any additional benefit. Prosecco grape was introduced to Australia after 2004. Australia cannot be exempted under the second sentence of 24(6).

b) As regard to the “Prosecco” Italian restaurant, its trademark shall stay valid on three grounds, even assuming Prosecco is a PGI under article 22.

First, article 22(3) only bars the trademark with respect to goods not originating in the territory indicated, if the use of trademark will lead to consumer confusion. Here, the trademark is a service mark, not on the goods. Also, arguably no confusion can be found between the wine and the restaurant.

Second, article 23 only provides usurpation standard of protection for wine and spirits. Trademarks which are similar to GIs cannot be used on labels for wines not originating from the indicated geographical area. But the protection does not extend to other goods and services.

Third, the restaurant chain was founded in 1992. Although it is unclear when the trademark “Prosecco” is registered, the common right trademark rights have been acquired through use before Australia joined WTO in 1994. Therefore, under 24 (5)(a), the trademark is

valid. Also, as explained before, Australia may argue the trademark rights have also been acquired before the real date of GI protection in Italy under 25(5)(b).

This essay is 952 words.