

Courting clarity on wine branding dispute

Barossa winemaker Yalumba loses 'Signature' trade mark case against Pernod Ricard

Wine industry lawyer **Mark Hamilton**, from Grope Hamilton Lawyers, examines a legal precedent involving a registered trade mark and two of Australia's largest wine companies.



The court face-off between a \$60 bottle of red wine from Yalumba, one of Australia's oldest family owned wineries, and a \$20.00 Barossa Shiraz from global giant, Pernod Ricard, under its Jacob's Creek brand, is an important lesson in the nature and limitations of trade mark protection, notwithstanding some reservations around the court's reasoning.

What the wine products have in common is the use of the word 'Signature'.

Whether a trade mark is 'deceptively similar' to another will be based on the impression created in the mind of a consumer

What had occurred

In September 1999, Adelaide based Samuel Smith & Son, owners of 'The Signature' line by Yalumba, registered a trade mark over 'The Signature'. The trade mark was registered in class 33 for alcoholic beverages. In September 2015, global company Pernod Ricard launched the 'Barossa Signature' product under a Jacob's Creek sub-brand. Shortly afterwards, Samuel Smith & Son brought proceedings in the Federal Court, arguing that 'Barossa Signature' was deceptively similar to the name of its product.

The underlying trade mark law simplified

When an applicant applies for a trade mark, a description of the goods or services in which the applicant intends to use the trade mark must be provided. If successfully registered, the trade mark will generally be protected in that category of goods or services.

Trade mark use and protection are covered under the *Trade Marks Act 1995* (Cth) ('the Act') which provides that a trade mark may be infringed where:

A person uses a sign substantially identical with, or deceptively similar to, the trade mark for goods or services in the same category as the registered trade mark;

A person uses a sign that is substantially identical with, or deceptively similar to the trade mark in relation to goods or

services of the same description or that are closely related to the goods or services in which the trade mark is registered;

The trade mark is well-known in Australia and a person uses a sign that is substantially identical with or deceptively similar to unrelated goods or services, and because the trade mark is well known, the sign would likely be taken as indicating a connection between the unrelated goods or services and the owner of the trade mark.

Where deceptive similarity is found to exist, then the party potentially infringing may avoid a finding of infringement by making out the defence (in Section 22 of *the Act*) that it used the trade mark in good faith.

The issues before the Federal Court

The court considered whether Pernod Ricard had used the 'Barossa Signature' as a trade mark to distinguish its goods from another party's goods (as defined under *the Act*). The court rejected Pernod Ricard's argument that the mark was descriptive of the goods rather than a brand. It held that the mark was a 'badge of origin' that consumers would recognise and use to inform their wine purchases.

The court then considered whether Pernod Ricard's use of the word 'signature' was likely to deceive consumers that the wine was associated with the Yalumba wine. Although it accepted that it had used a distinctive part of the Yalumba trade mark, the court found it did not have the effect of deceiving consumers. The court said that the use of the word 'the' in Yalumba's 'The Signature' was sufficiently memorable to register in a consumer's mind. Whether a trade mark is 'deceptively similar' to another will be based on the impression created in the mind of a consumer.

Evidence of the reputation of 'The Signature' was not taken into account, despite existing for over 50 years. This was because the court held the trade mark was not so universal that consumers would be familiar with it being used in relation to the particular Yalumba wine.

Because the court held that 'The Signature' trade mark was not infringed, it did not need to formally consider the defence raised by Pernod Ricard that it intended, in good faith, to use the mark for the purposes of describing the location of the wine.

By way of *obiter dictum*, it indicated that if it had needed to decide this issue, Pernod Ricard would not have been protected by this defence because it did not act in good faith but deliberately intended to use the trademark having carried out a "risk assessment" of doing so.

What the Signature battle tells us

Wine businesses must familiarise themselves with how trade marks are used, that is, for what purpose. Even if one considers a phrase to be a description of goods or services, it can still

infringe a trade mark. Action may be taken if it is substantially identical with, or deceptively similar to, another trade mark for goods or services of the same or similar class.

The court will assess the overall impression created by the marks in determining whether they are deceptively similar. An entity's reputation will only be taken into account if a sufficient level of familiarity is established.

It is well worth remembering that the registration of a trade mark over particular words does not confer a monopoly to use those words. Most importantly, it confers a right to use the words by the trade mark owner. The extent to which that right is exclusive in the issue at hand, as in the Signature dispute.

Anti-competitive public policy considerations will only confer exclusivity in the market segments where the trade mark is being utilised. It does not exclude competitors from using the trade mark in the market more broadly. It will only protect rights which are being exploited and where conflicting use will cause confusion in the minds of the consumer.

One somewhat unimpressive part of the court's reasoning was the differentiating importance placed by the court of the existence of the pre-fix 'The' in front of 'Signature' on the Yalumba label. I personally doubt that the use of the word 'The' was particularly 'memorable' to consumers of the Yalumba wine, although it is admittedly part of the Yalumba trade mark.

Yalumba decided not to appeal the decision, with Yalumba boss, Robert Hill-Smith, stating that the company would prefer to concentrate on promoting sales of its product. I respectfully think that was a good call.

Finally, I think that a trade mark owner, in the position of Yalumba, when faced with a potential infringement, needs to ask itself two commercial questions before launching into actual court proceedings, if initial correspondence fails to halt the alleged offending conduct:

Can we go on selling our goods without interference if the other party's conduct persists?

Can we point to any actual or potential loss of sales or capital brand value if the conduct persists?

In other words, why, and at what point, would we incur the direct cost and time cost of proceedings? If it is difficult to point to any actual or probable loss of profit or capital brand value from the other party's conduct, then this may indicate that the conduct is too remote to gain court intervention. In other words, the two issues, although separate, may be closely correlated.



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