

Intellectual Property Law Update

Uncorking the Debate: Prosecco is Not Just Any Sparkling Wine

Introduction

It is often said that “*blood is thicker than water*”.

All throughout history, this age-old proverb has been used as a rallying cry to galvanise feelings of familial loyalty because the blood of your kin transcends everything else. Interestingly, we find that this sentiment is also echoed in the field of Intellectual Property, specifically Geographical Indicators (GIs). While GIs concern a *different* kind of kinship from that of familial bonds, it can be said that the unwavering geographical connection a signature product has with its region of origin is akin to the genetic lineage that ties individuals together as a family. Such is the case with “*Prosecco*” where it was recently determined by the landmark decision of *Consorzio di Tutela della Denominazione di Origine Controllata Prosecco v Australian Grape and Wine Incorporated* [2023] SGCA 37 that the unique bubbly taste of the crisp and refreshing wine is attributed to its Italian region of origin and can be registered as a GI.

Briefly, a GI is an indication used in trade to identify goods as originating from a particular territory which has given the product its special quality or reputation. Known as *terroir* in French, it is the special quality of the region that provides the product with its unique and distinguishable taste or traits. The most well-known example of this is “*Champagne*” where it is registered as a GI to indicate that it is a special kind of wine originating from the Champagne region of France. While “*Champagne*” is also a sparkling white wine, similar to “*Prosecco*”, it is not a grape variety which had been the case for “*Prosecco*”.

Case Facts.

The Appellant was the Consorzio di Tutela della Denominazione di Origine Controllata Prosecco (“**Consorzio**”), an Italian trade body responsible for protecting, promoting and generally overseeing the global use of the term “*Prosecco*”. The Respondent was Australian Grape and Wine Incorporated (“**AGWI**”), the representative body for grape growers and winemakers in Australia. The Consorzio applied to register “*Prosecco*” as a GI in respect of wine in Singapore (the “**Application GI**”) and the claimed geographical area to produce “*Prosecco*” wines was the “North East region of Italy”.

However, AGWI opposed the registration of the Application GI, relying on the ground under s 41(1)(f) of Singapore’s Geographical Indication Act 2014 (“**GIA**”) that the Application GI contained the name of a plant variety and was likely to mislead the consumer as to the true origin of the product. This is because, as AGWI contends, “*Prosecco*” is a grape variety that can be grown outside the Specified Region including areas in Australia.

While at first instance, the Principle Assistant Registrar of Geographical Indications (“**PAR**”) had allowed for “*Prosecco*” to be registered as a geographical indication, this was subsequently refused by the General Division of the High Court following the AGWI’s appeal against the PAR’s decision. This was held on the grounds that one, “*Prosecco*” was the objective name of a grape variety and two, should the Application GI be allowed, it would likely mislead consumers into thinking that “*Prosecco*” could only

originate from the region claimed by the GI when it can be cultivated outside the Specified Region which had been the case in Australia where “Prosecco” wines were produced in commercial quantities.

In light of the High Court’s decision, the Consorzio appealed to the Court of Appeal in relation to the ground of opposition under s 41(1)(f) of the GIA which, accordingly, reversed the High Court’s decision and allowed “Prosecco” to be registered in Singapore as a GI. In arriving at this decision, the Court of Appeal considered 2 main issues.

1. What is the proper approach to be taken under s 41(1)(f) of the GIA?
2. Applying this approach, does the AGWI’s ground of opposition under s 41(1)(f) of the GIA succeed?

Proper approach to be taken under s 41(1)(f) of the GIA

For completeness, s 41(1)(f) of the GIA provides that:

41(1) The following shall not be registered:

...

(f) a geographical indication which contains the name of a plant variety or an animal breed is likely to mislead the consumer as to the true origin of the product

In interpreting s 41(1)(f) of the GIA, it was held that the statutory intent of the GIA is to afford consumer protection where it would only allow registration that would not result in confusion as to the true origin of the product. Thus, while the GIA recognised that the name of a plant variety or an animal breed can also be used in the capacity of a GI, this may mislead consumers as to the true origin of the GI-denominated goods. This is especially true in the case where the plant variety breed is cultivated in large quantities outside of the defined area for which the GI is registered.

In its judgement, The Court of Appeal established a two-pronged framework in interpreting the application of s 41(1)(f) of the GIA:

First, as a threshold issue, there must be evidence demonstrating that the name in question is indeed the name of a plant variety. It is important to note that this is an objective test, not connected with the subjective beliefs of consumers. All that is required to be shown is that the name in question is indeed recognised as the name of a plant variety by a not insignificant population of people. Evidence of this could come from sources such as reputable scientific journals or legal registers of plant varieties or from the general usage of the term as denoting a plant variety among a body of consumers.

After considering the counsel for AGWI’s arguments, the Court of Appeal held that this threshold issue had been met since AGWI was able to prove that “Prosecco” was objective the name of a grape variety even though the grape variety is now called “Glera”. This is because the old name, “Prosecco” still holds sway amongst consumers in Singapore.

Second, after satisfying the elements of the threshold issue, it will then be considered whether the Application GI, which contains the name of a plant variety, is likely to mislead the consumers in Singapore. This would turn on what the Singapore consumer is aware of, specifically, the average consumer and not someone with a specialist knowledge of wines. Accordingly, the Court of Appeal set

out three non-exhaustive factors to be considered when determining if a GI is likely to mislead the Singapore consumer as to the true geographical origin of the product:

1. *Whether the average consumer is remotely aware that the name in question is indeed the name of a plant variety.*
 - If the consumer does not even perceive or believe the name in question to be that of a plant variety or an animal breed, then it is unlikely that any operative deception would arise. Thus, if the average Singapore consumer is unaware that “Prosecco” is also the name of a grape variety, they are likely to understand that it refers to a wine originating from the Specified Region.
2. *Whether the Singapore consumer is aware that the plant variety in question is involved in the production of the product over which the GI protection is sought.*
 - If the consumer does not associate the plant variety with the product in question, then it is unlikely that they will be misled as to the true geographical origin of the product.
3. *Whether the GI sought to be registered that is identical with the name of the plant variety would convey a very different message to the Singapore consumer as opposed to a GI that contained other words in addition to the name of the plant variety.*
 - Presently, this concerns the message conveyed by the Application GI, “Prosecco” and not a GI named “Italian Prosecco”.

The above are factual inquiries and would serve as guidance to the issues which the court would consider in determining whether the Singapore consumer is likely to be misled.

Did the Court of Appeal’s approach allow AGWI’s ground of opposition to succeed?

While the Court of Appeal found that AGWI had successfully established the threshold requirement that “Prosecco” was objectively a grape variety, it was found that AGWI had failed to prove the second limb whereby the Singapore consumer is likely to be misled by the Application GI. As an evidentiary matter, the evidence adduced by AGWI was limited to only advertising materials and statistics showing the increase in the volume of Australian “Prosecco” imported into Singapore. At best, this evidence only shows that local wine sellers are managing to sell more Australian “Prosecco” than previously and that there is growing local demand but fails to overall, shed light on the material inquiry which is whether Singapore consumers are aware that “Prosecco” is also the name of a grape variety used to make wine of the same name.

Further, AGWI did not adduce evidence that demonstrates the extent of user engagement with the advertising material insofar as it failed to establish that Singapore consumers would notice that the grape variety “Prosecco” had been used to make wine of the same name.

Finally, the Court noted in obiter that while consumer surveys are a more direct way of demonstrating whether the Singapore consumer would have been misled by the Application GI, parties should place before the court evidence of how such surveys were conducted, recognising that consumer surveys may be skewed to reach a certain desired result.

Conclusion

The decision made by the apex court of Singapore is a historic one that not only marks the first time the GIA has been interpreted by local Singapore courts but also sets the precedence as to how s 41(1)(f) of the GIA is to be interpreted by the courts in future decisions.

It also offers 3 points of clarifications relating to the GIA. First, that the statutory intent of the GIA is to ensure consumer protection. Second, while there are similarities between GIs and trade marks, principles governing the registration of a trade mark cannot be wholly imported into the GIA, especially since the GIA exists within specific policy considerations such as the use of the names of plant varieties as GI which is vastly different from the context of the Trade Marks Act 1998. Third, the Court of Appeal had also explained that there are marked differences between the Singapore model of the GI protection and the EU model. As such, there is limited scope to apply the EU principles to the interpretation of the Singapore GIA.

Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.



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