

# Trademarks protect global brands



Wine Lawyer

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THERE IS LITTLE POINT in investing all the time, capital and patience necessary to develop a brand unless adequate trademark protection for the words constituting the brand can or has been obtained both in Australia and in export markets.

In simple terms, trademark protection can potentially be obtained where the words are not in conflict with a previous trademark registration, are not common surnames and are not otherwise offensive or inappropriate for registration for public policy reasons.

The best prospects are with made-up names, combination of words or rarely used place names or words. An excellent example is the Penley Estate brand which was established by leading Coonawarra winemaker Kym Tolley to reflect his family's Penfolds and Tolley

wine heritage. His mother is a Penfold-Hyland by birth, and was a shareholder when it was still a family dynasty.

However, it is possible to obtain trademark protection of words such as common surnames through usage, but this involves a substantial investment of time and money in a brand where the ability to obtain future trademark protection is not certain.

Upon usage of a brand commencing, a producer without trademark protection gradually obtains a measure of common law protection against third parties by virtue of the common law tort of 'passing off' – referred to as 'common law rights'.

This allows a producer who has developed a substantial reputation in the words to apply for an injunction to restrain a competitor from 'passing off' its wine products as those of the original producer. Damages at common law can also be obtained.

These common law rights and remedies are also embodied in legislative form both in the Australian Consumer Law previously known as the Trade

Practices Act, and the various versions of the Fair Trading Act in Australian states and territories, which provide remedies for producers against other winemakers engaging in misleading and deceptive conduct.

Obtaining trademark protection is very expensive, especially if one wishes to obtain protection in the major export markets before commencing brand development overseas.

Some producers choose to obtain trademark protection in Australia first and then progressively apply in other jurisdictions as their export business commences. This approach brings with it the substantial risk that someone else – from Australia or some other part of the world – has or will apply for trademark protection which will potentially block the use of the brand in that jurisdiction.

This brings with it the risk that a producer will end up having to use different brands in different jurisdictions which will add substantially to the cost and complexity of the producer's business as well as diluting brand value.



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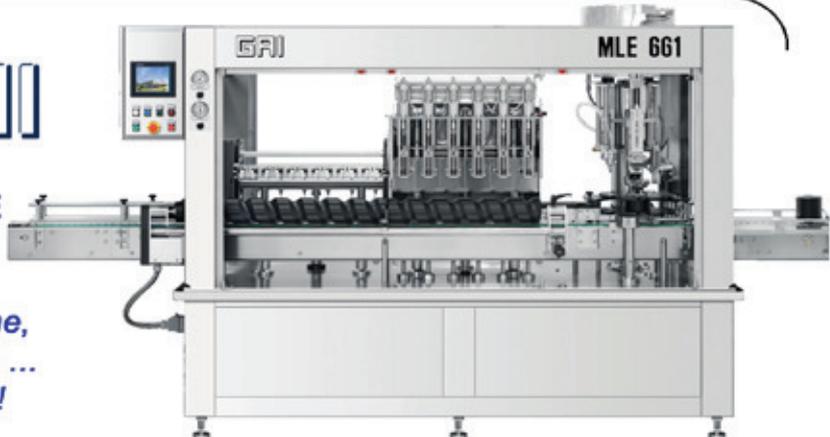
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An example in Australia of a producer forced to market wines under another name overseas is Taylors Wines, who traded in the US and UK under a different brand because of the long-term brand rights of Taylor's, the leading Portugese port producer – even though Taylor's of Portugal do not make wine and Taylors of Clare do not make port for export.

Brand value is being increasingly viewed in a global sense given the increasing pace of globalisation. Australia's wine industry has long ceased being a predominantly domestic industry with just about all participants in the Australian wine industry these days thinking in terms of a global marketplace. Brand value is based upon a legal entitlement to sell wine under a brand name and the scope and depth of distribution.

Brands, including virtual brands with no winery or vineyard assets, can be worth substantial sums of money on a stand-alone basis – as was seen with examples like the float of Cockatoo Ridge Limited as a public company incorporated for the purpose of purchasing the Cockatoo Ridge brand from Yalumba. The Cockatoo Ridge brand had reportedly been selling 200,000 cases

in Australia and 20,000 cases overseas, with export growth potential. When planning to commit the time, money, effort and patience necessary for effective brand development, operators should build from the secure base of trademark protection in Australia and, to the extent possible, likely export markets.

The need to spend money on trademark protection up front is an excellent argument to support the adoption of the so called 'first law of branding', the law of brand contraction. Think twice about having more than one brand or too many or any sub-brands – which are secondary names on labels which also require trademark protection. The key to effective brand development and protection is to keep it simple. It is hard enough to get one brand widely known.

The marketing gurus argue in relation to the law of brand contraction that the narrower, simpler and deeper the focus of the brand in terms of product, the better.

Protecting one brand will be expensive enough. Starting with a series of brands or sub-brands has significant implications in terms of trademark costs later on as well as all the 'business complexity' costs which go with having a multitude of brands and products.

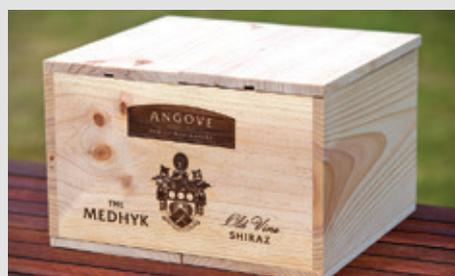
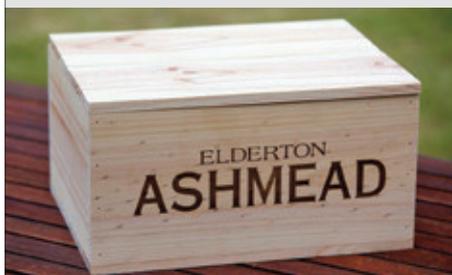
All producers should develop and maintain an ongoing relationship with a solicitor with intellectual property experience as part of the brand planning process. A realistic plan for brand protection should be developed with an adequate annual budget provision.

The trademark legislation and the caselaw relating to trademarks are complex and not easy to simply. Disputed trademark applications can take years to resolve and involve considerable expense. The fact a disputed trademark application may be resolved in your favour will ultimately be of little consolation if you cannot wait for the matter to be resolved before commencing brand development.

It is cheaper and quicker in the long run to spend some money up-front identifying a brand which can be protected and paying for that protection.

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