

What can be learned from the Yalumba v Pernod Ricard stoush over 'Signature'?



By James Omond, Omond & Co., Melbourne, Victoria

A registered trade marks attorney, we asked James, who acted for Pernod Ricard Winemakers after Yalumba took it to court to stop the French-based company using 'Signature' on a range of its Jacob's Creek wines, to explain what lessons can be learned from the case.

There has been a great deal of harrumphing by certain sections of the wine industry about the use by Pernod Ricard Winemakers (PRW) of the word 'Signature' as part of an extension of its Jacob's Creek Reserve range. Indeed, some of the criticism has bordered on the xenophobic, with the word 'French' frequently used as a derogatory term. But what did PRW really do, and what can other producers learn from this case?

The introduction of three 'Barossa Signature' wines into the Jacob's Creek Reserve range was to 'premiumise' wines sourced from the Barossa Valley. The name was initially chosen to identify the wine as quintessentially Barossan and originating from the traditional home of the Jacob's Creek's brand. PRW also took a cue from the world of spirits when deciding what to name the brand extension – where the word 'Signature' is used to indicate quality or highlight some other aspect of a product.

At the time the name was coined, those involved had no knowledge of Yalumba's 'The Signature' product. During the naming process, both 'Barossa Signature' and 'Barossa Series' were considered. As part of this process, 'availability searches' were conducted by PRW's legal team, and Yalumba's existing trade mark was identified, together with the use of the term 'Signature' by many other producers – both as part of product names and in the name of the producer itself.¹

The legal advice was that, provided the word 'Barossa' was used in conjunction with the word 'Signature' and that the two words were used in the same font, colour, size, etc, they would be considered as purely descriptive and, therefore, neither registrable as a trade mark nor an infringement of an existing trade mark.

KEY LESSONS

- Don't just get legal advice about potential trade mark infringement – understand how important the issue is to the other side from a commercial perspective.
- Understand the extent and limitation of your trade mark registrations – you might think that 'it's obvious' what the key element is, but the more elements in the registration, the more diluted is the protection for the key element.
- When applying for a trade mark, less is more.
- Be diligent in preventing other producers from using the key elements of your brand.
- Understand the consequences if you lose a case – which can be very damaging for the ongoing protection you can claim for your existing trade mark registration.

When the PRW product was released, Yalumba's lawyers sent a cease-and-desist letter to PRW, leading to PRW obtaining further external legal advice. This advice confirmed the earlier advice, although suggested offering a number of actions which could be seen as a benefit for Yalumba. But as can be seen from Yalumba issuing proceedings, nothing short of PRW ceasing use of the word 'Signature' was going to be enough for Yalumba.

So, what can other producers take from this?

The first thing is that sometimes it's not enough to have a good case to avoid litigation.

PRW obtained legal advice from three different sources – each time the advice was that it had a good case. The judge's decision showed that advice to be correct. But still PRW was dragged into a lengthy and costly court case.

From the other side of the litigation, it is not possible to know whether Yalumba also had legal advice that it had a strong case. But clearly Yalumba felt very strongly about the issue. This was personal – which is understandable given that the current release of Yalumba's

'The Signature' bears the signature of Yalumba's current proprietor and chairman, Robert Hill-Smith, the label was launched by his father, and the first release had borne the signature of his great-great-grandfather.

The learning from this is that sometimes you need to do more than just search the Trade Marks Register, and obtain technical legal advice. You need to understand how important the issue is to the other side, as they may take you to court as a matter of principle. Of course, armed with this understanding, you may decide to proceed anyway.

Looking at the case from Yalumba's position, there are a number of lessons for other brand owners.

The first is to have a good understanding of exactly what your brand is from a trade mark perspective – and what you have protected. The

¹This includes 'Signature Wines' – also based in the Barossa Valley and which, according to the Wine Industry Directory, produces more than 250,000 cases per year – and sub-brands from 21 different producers (other than Yalumba) including Bimbadgen, Sirromet Wines, Briar Ridge Vineyard, Brian Fletcher Signature Wines, Richard Hamilton, Huntington Estate, and Handpicked Wines. On top of this were producers identified using 'Signature' as a sub-brand and not listed in the Directory – such as Robert Oatley Wines, Shaw Wines, Enoki, and Long Gully Estate.

nub of Yalumba's case focussed on its claim to exclusivity in the word 'Signature'. Unfortunately for Yalumba, its registration was for 'The Signature', and the word 'the' could not be ignored in assessing the question of 'deceptive similarity'.

A further lesson from this is that, when applying for a trade mark, keep it to as few elements as possible so that the additional words/logos don't dilute the protection for the main element of your brand that you want to protect. Of course, if your key element is descriptive of your product or not registrable for some other reason, you will need to add other distinctive elements to get it accepted for registration.

A second lesson from the Yalumba perspective is that the company had not been diligent in preventing other producers from using the word 'Signature' – whether in its sub-branding, or even as its main brand – the most prominent example being a 250,000+ case brand just down the road from them trading under the name 'Signature Wines'.

Although there was no specific reference to other producers in the judgment, in finding that the marks are not 'deceptively similar' the presence of these other uses in the back of the judge's mind can't be discounted.

A third lesson from Yalumba's perspective is to consider the consequences of losing a case such as this. As has been mentioned in many of the mainstream press articles, the judge found that use by PRW of the word 'Signature' was use as a trade mark. This was actually the worst possible result for Yalumba as it means that other producers can now use the word 'Signature' in a trade mark sense.

Of course, those producers would need to follow the same rules that PRW set for itself – to ensure that the word is used in an adjectival sense, and that there is no undue emphasis given to the word 'Signature' as part of a broader use of the word.

THE LEGAL CASE

This was a most unusual case for a trade mark infringement because such cases are normally accompanied by allegations of 'misleading and deceptive conduct' (a breach of the Australian Consumer Law), and 'passing off' (a

common law action alleging unlawful taking advantage of someone else's reputation).

But as can be seen from the two labels, there was no danger of them being mistaken for each other, not to mention the fact that the "offending" product was clearly labelled as 'Jacob's Creek' (Australia's largest selling wine brand).

Yalumba's case was one of pure trade mark infringement. It has a long-standing trade mark registration for 'The Signature'. It argued that use by PRW of the words 'Barossa Signature' on its Jacob's Creek Reserve Barossa Signature range was "use as a trade mark"², and that such use was "deceptively similar"³ to Yalumba's registration. If proven, this would constitute an infringement of Yalumba's registration.

Because this was a pure infringement case, relying on a straight comparison between the two marks, Yalumba was not able to rely on the reputation of its wines under 'The Signature' label. Similarly, other matter appearing on the labels of PRW's Barossa Signature wines, including the trade mark 'Jacob's Creek', also had to be disregarded.

To show that the marks were 'deceptively similar', Yalumba needed the judge to ignore (or significantly read down) the presence of the word 'The' in Yalumba's mark, and 'Barossa' in PRW's mark.

Pernod Ricard Winemakers argued three different defences:

1. Pernod Ricard Winemakers wasn't actually using the words as a trade mark at all, but was using them in an adjectival sense.
2. If Pernod Ricard Winemakers' use was use 'as a trade mark', then the relevant expression 'Barossa Signature' is neither substantially identical with nor deceptively similar to 'The Signature' and, therefore, it is not an infringement.
3. If Pernod Ricard Winemakers' use was use 'as a trade mark', then such use constituted "use of a sign in good faith to indicate the kind, quality,

²Section 7, Trade Marks Act

³A trade mark is taken to be 'deceptively similar' to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion - Section 10, Trade Marks Act.

⁴Section 122(1)(b)(i), Trade Marks Act



Yalumba recently failed its Federal Court application to stop Pernod Ricard using 'Barossa Signature' on a range of its Jacob's Creek wines. Yalumba claimed Pernod Ricard's use of 'Signature' was an infringement of Yalumba's 'The Signature' trade mark. The judge deemed Pernod Ricard was using 'Signature' as a trademark, but it was not 'deceptively similar' to the Yalumba trade mark. She also found Yalumba's 'The Signature' was not well known enough to cause confusion.

intended purpose, value, geographical origin or some other characteristic of the goods”, so even if the use was an infringement, nonetheless this is a statutory defence⁴.

It only needed to succeed on one of these grounds.

Judge Natalie Charlesworth held the word ‘Signature’ as used by PRW was use of a conventional word as an adjective – but because it was not placed before the noun, as adjectives normally are, the expression ‘Barossa Signature’ was “an unconventional use of conventional words”, and variously:

- “used in an invented combination”
- “grammatical nonsense”
- “the meaning is conveyed impressionistically rather than literally”
- “the unusual combination of words creates the impression of a softly spoken slogan”.

This directly resulted in PRW losing on the first and third arguments (i.e., it meant PRW was using the expression as a trade mark), but it also meant that PRW succeeded in its second argument – namely that its mark was

not ‘deceptively similar’ to the Yalumba mark, because the Yalumba mark uses the word ‘Signature’ as a noun (emphasised by the use of the definite article ‘The’) – and as a result the meanings of the two marks are quite different.

Some clarification is desirable in relation to the third defence because her Honour was “satisfied that the sign ‘Barossa Signature’ in fact indicates the relevant characteristic, albeit by the indirect means of a peculiar phrase”. However, to attract the protection of this defence, the impugned use must be solely for the purposes of description – meaning this was a “double use” (i.e., her Honour found that PRW also wanted it to function as a trade mark).

There has been some reporting that PRW’s use of the mark was not ‘in good faith’. This is not true. The term ‘good faith’ is a technical legal term and relates to the basis on which an alleged infringer has used the mark to indicate a characteristic of its product. The judge was “satisfied that the sign ‘Barossa Signature’ in fact indicates the relevant characteristic, albeit by the indirect

means of a peculiar phrase” – so there was no finding of a lack of good faith on PRW’s part in adoption of the mark, but PRW failed on this ground because it also used the expression as a trade mark.

James Omond acted for Pernod Ricard Winemakers in this case. James is a lawyer and registered trade marks attorney. He established his own firm, Omond & Co, in 2002 to provide specialist legal services to the wine industry after nearly a decade as inhouse counsel for Southcorp Wines. His many roles in the industry include serving as vice-president of the Winemakers’ Federation of Australia and chair of the Small Winemakers Membership Committee, a founding director of Wine Victoria and serving on its board (including when it was the VWIA) for more than 10 years, serving on Wine Australia’s Legislation Review Committee since 2008, and as honorary counsel for Wine Communicators of Australia and Sommeliers Australia.

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