

THE EUROPEAN UNION'S ATTEMPTS TO LIMIT THE USE OF THE TERM 'PROSECCO'

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Executive Summary

Prosecco has long been recognised as the name of a grape, but not as an indication of geographical origin. Yet, the Italian government and European Union (EU) now claim that Prosecco is not the name of a grape variety, but is instead the name of a geographical indication. They also claim that Prosecco wine is made from a grape variety called Glera. Their claim is based on the fact that Italian law and European regulations state these matters to be fact or, more accurately, purport to denote those matters as factual.

The vast majority of relevant authorities and experts agree that Prosecco is a grape variety, despite the legislative attempt by the EU in 2009 to declare it to be a geographical indication.¹ The Italian government, the EU and every relevant authority and expert agree that Prosecco was the name of a grape variety until at least 2009, when the EU Regulation declared it not to be so. There is no justifiable explanation as to how Prosecco could be a grape variety for hundreds of years up until 2009, when it ceased to be the name of a grape variety. On the contrary, there are contemporaneous reports that suggest that the change of name to Glera was designed to remove an obstacle to the protection of Prosecco as a geographical indication. Prosecco is the name of a grape variety and should continue to be accepted as such, with the consequence that it remains available for use in relation to wines made with that grape variety.

In this report, we demonstrate the following:

¹ Commission Regulation (EC) No 1166/2009 of 30 November 2009 amending and correcting Commission Regulation (EC) No 606/2009 laying down certain detailed rules for implementing Council Regulation (EC) No 479/2008 as regards the categories of grapevine products, oenological practices and the applicable restrictions [2009] OJ L 314/27.

1. Prosecco has been the name of a grape variety since at least the 18th century, and probably much earlier. The Italian government has repeatedly confirmed in its own laws and publications that Prosecco is a grape variety.
2. The directors of the leading vine and grape research Institute in Italy have repeatedly confirmed, over many decades, that Prosecco is a grape variety, as too has the leading vine growers' co-operative from Friuli–Venezia Giulia, the alleged home of 'Glera'.
3. Leading Italian and international wine authors and Italian grape growers confirm that Prosecco is the name of a grape variety.
4. The international vine and grape community unequivocally identifies Prosecco as a grape variety, including in formally approved documents of the International Organisation of Vine and Wine, and the awards that it has given to leading reference books by international wine writers of great authority and experience.
5. The EU expressly stated in a 1994 agreement with Australia that Prosecco is a grape variety. No valid explanation has been given as to how it ceased to be a grape variety.
6. While there are documents that describe some aspects of the process by which the Italian government and the EU sought to change the name of the grape used to make Prosecco wine to Glera and also the legal documents which gave effect to these decisions, there are no published documents which set out the evidence used to justify these decisions. All the documentary evidence relied on by those institutions to state that Prosecco is no longer a grape variety also should be made publicly available, given the extraordinary change in the legal treatment of the term and the significant legal and economic consequences of the change.
7. There is a very serious legal question as to whether the prohibition on the importation of Prosecco made in countries other than Italy is contrary to the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property (TRIPS).
8. There is a very serious legal question as to whether such a prohibition is contrary to the WTO Agreement on Technical Barriers to Trade (TBT).
9. There is some doubt as to whether the Australian government could prohibit the use of the term Prosecco by Australian winegrowers in a manner consistent with the Australian Constitution without paying significant compensation to those winegrowers.

1. Prosecco has been the name of a grape variety since at least the 18th century, and probably much earlier, as confirmed by Italian laws and publications

Whilst the exact origin of Prosecco grapes is a matter of debate,² documented references to Prosecco as the name of a grape variety date back to at least 1773. The website of the *Consorzio Tutela Prosecco Conegliano Valdobbiadene DOCG* (Consortium for Protection of Conegliano Valdobbiadene DOCG), which controls the premier Italian Prosecco growing region within the wider DOC, itself confirms this. Under the section 'History of Prosecco', the Consortium website lists the earliest mentions of Prosecco, all of which describe Prosecco as a grape variety or vine. The Consortium lists the following as having historical significance:

- a quote regarding Prosecco from 1574 when the King of Poland and future French King visited;³

² Mentioning three theories currently supported by various experts, see Ian D'Agata, *Italy's Native and Traditional Grapes* (2014), pp. 308-309.

³ The 'community of Conegliano made the white wine from its hills pour all day from the Fountain of Neptune... Now I want to give up my mouth to that apple-scented Prosecco', Consortium for Protection of Conegliano Valdobbiadene DOCG,

- the first written mention of Prosecco in 1754, by Aureliano Acanti in his important 1754 work *Il Rocolo, Dittirambo*, which holds significance for Venetian wine, in which he mentions ‘meloramatico Prosecco’ produced near Monte Berico (Vicenza), and discusses ‘these grape varieties’, including Prosecco in a list: ‘Marzeminos, Bianchetos, Proseccos, Moscatellos, Malvasias’;⁴ and
- the identification of a ‘Prosecco vine that was better than the others’ by Count Marco Giulio Balbi Valier in an 1868 booklet.⁵

Prosecco was cited for the first time within the Conegliano Academy in 1772 by the academician Francesco Malvolti, who emphasized its good quality, but highlighted the need for special wine making techniques.⁶ From that time, Prosecco was referred to as a vine cultivated in the Conegliano area.⁷ To this day, Conegliano and Valdobbiadene are considered the premier production areas for Prosecco, and the areas traditionally associated with the Prosecco grape. Those areas are quite some distance in terms of location, climate, soil, topography and culture from the former village of Prosecco, which is now an outer suburb of Trieste.

The original Italian law creating DOC areas for Prosecco di Conegliano e Valdobbiadene specifically stated that the relevant wine was ‘a white wine made from Prosecco variety produced in the Treviso hills’.⁸ Conegliano and Valdobbiadene were (and remain) geographical indications. However, Prosecco was a grape variety according to the Italian government’s own law of 7 June 1969.⁹ The relevant law was declaratory, in the sense that it was simply stating a pre-existing fact about the nature of Prosecco. There is a huge body of evidence that Prosecco was a grape variety at the time.

In that respect, the Italian law of 1969 differs markedly from the 2009 EU regulation, which purports to declare that Prosecco is no longer a grape variety. There is no evidence of this declaration being based in fact, and an abundance of evidence to the contrary. The 2009 EU regulation was an attempt to state something to be true when it was not. It did not, as alleged, ‘expand’ the Prosecco area. It purported to create it.

The Italian government claims that it expanded the pre-existing DOC areas such as Conegliano, Valdobbiadene and Asolo to form the Prosecco DOC.¹⁰ The pre-existing areas were to be redesignated DOCG to indicate their special status within the larger Prosecco DOC. For example, Prosecco di Conegliano e Valdobbiadene DOC and Montello e Colli Asolani DOC were pre-existing areas in which the relevant wine was wine made from the Prosecco grape according to the Italian government’s own

History of Prosecco www.prosecco.it/en/area-of-origin/history/ (accessed 22 February 2019). All translations are ours unless otherwise stated.

⁴ ‘Who does not know how exquisite are our Marzeminos, Bianchetos, Proseccos, Moscatellos, Malvasias, Glossari and others, that are grown on various hills near here, when they are indeed made with the greater care required by these grape varieties and by the land where they are cultivated?’: Consortium for Protection of Conegliano Valdobbiadene DOCG, *History of Prosecco* [published in English], above fn 3; D’Agata, above fn 2, p. 309.

⁵ Consortium for Protection of Conegliano Valdobbiadene DOCG, *History of Prosecco*, above fn 3.

⁶ Province of Vicenza: Biodiversity, ‘Prosecco, Historical Information’, www.biodiversita.provincia.vicenza.it/pagstor/h_prosecco.html, accessed 22 February 2019.

⁷ Vitis Rauscedo Soc. Coop. Agricola, *Vitis Catalogo* (2007), especially p. 85 (‘Already in the 15th-17th centuries the hills around Conegliano, Veneto, were famous ... as a valuable vine-growing and wine-making area, but the name Prosecco had not yet appeared (Calò et al 1999). Only in 1773 did Villafranchi mention this vine for the first time as one cultivated in the Conegliano area’).

⁸ P Viala and V Vermorel, *Ameplografie Tome VII* (Libraires de l’Academie de medicine, 1909) (authors’ translation). See Presidential Decree of 2 April 1969, reported at *Gazzetta Ufficiale della Repubblica italiana* No 141 of 7 June 1969, ‘Disciplinare di produzione del vino ‘Prosecco di Conegliano-Valdobbiadene...Art. 3’, p. 3352.

⁹ Recognising the original DOC of Prosecco di Conegliano-Valdobbiadene: Presidential Decree of 2 April 1969, reported at *Gazzetta Ufficiale della Repubblica italiana* No 141 of 7 June 1969, pp. 3349-52.

¹⁰ Ministerial Decree of 17 July 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 173 of 28 July 2009, pp. 35-65 (recognizing an expanded Prosecco DOC).

regulations.¹¹ Overnight, the new Prosecco DOC area was created with a total of 556 municipalities. In contrast, the original Prosecco di Conegliano Valdobbiadene DOC occupied a mere 15 municipalities and Montello e Colli Asolani DOC occupied only 17 municipalities.¹² They were renamed as DOCG areas, with Montello e Colli Asolani becoming Colli Asolani DOCG Prosecco Superiore, and DOCG being added to Prosecco di Conegliano Valdobbiadene.¹³

The difficulty with this approach is revealed by a statement on 10 December 2018 by the Confraternita (Fraternity) di Valdobbiadene. In it, the head of the Fraternity, titled the Grand Master, states:

- the name 'Conegliano Valdobbiadene DOCG' should be independent and not part of the prosecco system;
- that the denomination 'Conegliano Valdobbiadene Prosecco Superiore DOCG' should be changed to Valdobbiadene DOCG (without any reference to the denomination Prosecco);
- that the name 'Valdobbiadene Superiore di Cartizze DOCG' should be changed to Cartizze DOCG (without any reference to the Prosecco denomination).¹⁴

This declaration reflects the point made above, that Conegliano and Valdobbiadene are geographical indications. However, it is strange, at the very least, to use those geographical indications in the same context as Prosecco as a geographical indication, as opposed to a grape variety.

The point is further confirmed by the five volumes of *Principali Vitigni Da Vino Coltivati in Italia (Principali Vitigni)*¹⁵ commissioned by the Italian government's Department of Agriculture and Forestry, and published over a number of years in the 1960s. This work repeatedly and at length describes Prosecco as a grape variety. The index to this work in Volume V, authored by VIT director Professor Italo Cosmo, is telling. Within the Index for grape varieties, it contains no mention of Glera, but does list 'Prosecco'.¹⁶ 'Glera' is mentioned in the Index of Synonyms, but only as one of many synonyms for Prosecco.¹⁷ The Chapter on the vine variety 'Prosecco' is co-authored by a director of VIT, Professor Italo Cosmo.¹⁸ It describes history and attributes of the Prosecco grape, including detailed descriptions of the vine, its leaves and berries.¹⁹

¹¹ Presidential Decree of 2 April 1969, reported at *Gazzetta Ufficiale della Repubblica italiana* No 141 of 7 June 1969, pp. 3349-52.

¹² Hudson Valley Wine Goddess: *What you need to know about Conegliano Valdobbiadene Prosecco superiore DOCG* (undated).

¹³ Ministerial Decree of 17 July 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 173 of 28 July 2009, pp. 35-65 (recognizing elevation to DOCG of Conegliano-Valdobbiadene and Colli Asolani).

¹⁴ Declaration by Loris Dall'Acqua, Grand Master, Fraternity of Valdobbiadene, 10 December 2018.

¹⁵ *Principali Vitigni Da Vino Coltivati in Italia*, Ministry of Agriculture and Forestry, Commission for the Ampelographical Study of Main Cultivated Wine Varieties in Italy (1960-66) Vols I-V.

¹⁶ Italo Cosmo, 'Index' in *Principali Vitigni Da Vino Coltivati in Italia*, above fn 15, Vol V (1966), pp. 8-18.

¹⁷ Cosmo, 'Index' in *Principali Vitigni Da Vino Coltivati in Italia*, above fn 15, Vol V (1966), pp. 82-83. Prosecco synonyms listed are: 'Glera, Malvasia del Chianti, Malvasia Toscana, Malvasia trevigiana, Prosecco Balbi, Prosecco bianco, Prosecco lungo, Prosecco nostrano, Prosecco tondo, Serpina'. The Index of All Vine Names & Synonyms contains a similar indication: p. 135.

¹⁸ Italo Cosmo and Mario Polsinelli, '41. Prosecco' in *Principali Vitigni Da Vino Coltivati in Italia*, above fn 15, Vol I (1960).

¹⁹ Cosmo and Polsinelli, '41. Prosecco' in *Principali Vitigni Da Vino Coltivati in Italia*, above fn 15, Vol I (1960), pp. I-IX. See, e.g., 'Certainly the vine <Prosecco> is found under [the name Serprina] only on the Trevisan hills'; and 'the ... vine, here called Glera, has gone west to the Euganei hills, where it would become Serprina': p. III.

2. The leading vine and grape research institute in Italy and the leading vine growers' co-operative in the region have repeatedly confirmed that Prosecco is a grape variety

The leading Italian wine research institute in the Veneto region is the Centro di Ricerca per la Viticoltura (CRA-VIT or VIT).²⁰ Numerous directors and researchers for that institute have invariably described Prosecco as a grape variety. They are rightly considered as amongst the most highly qualified Italian wine experts. They include Professor Luigi Manzoni, one of the inaugural divisional directors, Professor Italo Cosmo, Professor Antonio Calò, Professor Angelo Costacurta and Dr Diego Tomasi.²¹

These publications include Volume V of *Principali Vitigni* (discussed in Section 1 above), as well as entries for Prosecco in Volume I. One of its editors was Professor Italo Cosmo, appointed director of what is now VIT in 1940. There are multiple articles authored by one or more of the VIT directors that expressly refer to Prosecco solely as a grape variety. For example, in 1988, two directors of VIT, Prof. Antonio Calò and Prof. Angelo Costacurta, co-authored a detailed survey of existing plantings, conditions and recommendations for new vine plantings in the Veneto region. Amongst vines described are varieties of Prosecco, which the authors recommended for planting in the Venetian provinces of Treviso, Padova, Vicenza and Belluno.²² Biotype subcategories of Prosecco are stated as 'Prosecco Balbi, Prosecco tondo, Prosecco lungo'.²³ The only mention of 'Glera' is merely as a synonym (along with Serprina and Prosecco nostrano) for Prosecco.²⁴ The authors carefully describe and illustrate the Prosecco vine characteristics in some detail,²⁵ and describe Prosecco as accounting for 22% of vines in Treviso.²⁶ Indeed, it was Prof. Manzoni, one of the first directors of VIT, who cultivated a cross between Prosecco grapes and Cabernet Sauvignon grapes known as Incrocio Manzoni 2.15.²⁷

The true nature of the grape varieties in question has been clarified by DNA studies conducted by Italian grape geneticists from VIT and other bodies. It is notable that these genetic studies identify the grape variety not as 'Glera' but instead as 'Prosecco'. The team led by Dr Manna Crespan - including former VIT director Prof. Angelo Costacurta - analysed supposed 'Glera' samples, and concluded that 'in most cases our 'Glera' samples have been identified as 'Prosecco lungo', a cultivar suspected to have survived only as a relict.' They found that in fact "Prosecco lungo' is scattered from Veneto to Friuli Venezia Giulia, not only as 'Glera', but also as 'Tocai nostrano' and 'Ribolla Spizade'." Moreover, they found that grapes now known as 'Glera' included 'other grapevines in the Friuli Venezia Giulia region, such as 'Vitouska', 'Aghedene' and 'Mocula', not just Prosecco grapes. They also found that the 'two 'Prosecco' varieties have a great morphological similarity'.²⁸ Although 'Glera' is claimed to still be grown in the area around Trieste coast and Eastern Friuli, In 2007 VIT research by grape geneticists, again in a team led by Dr

²⁰ Now part of the governmental Council for Agricultural Research and Analysis of Agricultural Economics (CREA), the Centro di ricerca per la viticoltura (VIT) was originally known as the Viticulture Experimental Station when established in 1923 in Conegliano. Prof. Luigi Manzoni was one of the first divisional directors (Viticultural physiology and pathology division), with other divisions led by Prof. Michele Giunti and Prof. Giovanni Dalmasso. Prof. Italo Cosmo became the director of VIT in 1940. In 1967, the Experimental Station became known as the Experimental Institute for Viticulture of Conegliano (ISV). In 1975 Prof. Antonio Calò became the Director. In 2004 ISV was transformed into the Viticulture Research Centre and joined the Department of Transformation and Valorization of Agro-Industrial Products. It has had a number of directors since then, including Prof. Angelo Costacurta (2007); Dr Michele Borgo (2008); Prof. Luigi Bavaresco (2010); Fabio Castelli (2008). The current director is Dr Diego Tomasi. See Centro di ricerca per la viticoltura , www.sito.entecra.it/portale/cra_dati_istituto.php?lingua=EN&id=212 (accessed 22 February 2019).

²¹ See Centro di ricerca per la viticoltura, above fn 20.

²² Antonio Calò, Giancarlo Moretti and Angelo Costacurta, 'Aree viticole del Veneto, vitigni consigliati per nuovi impianti' (1988) (Veneto Region: Agricultural Development Organization, Attached to Vol XLV (1988) of the Annals of the Experimental Institute for Viticulture), Publication No. 33, Technical Assistance Disclosure Papers, pp. 14-15, 23.

²³ Calò, Moretti and Costacurta, above fn 22, p. 79.

²⁴ Calò, Moretti and Costacurta, above fn 22, p. 79.

²⁵ Calò, Moretti and Costacurta, above fn 22, pp. 79-81.

²⁶ Calò, Moretti and Costacurta, above fn 22, p. 24.

²⁷ Italo Cosmo, F. Sardi and A. Calò, 'Incrocio Manzoni: 2-15' in *Principali Vitigni Da Vino Coltivati in Italia*, above fn 15, Vol III (1960), p 1.

²⁸ M. Crespan, S. Cancellier, R. Chies, S. Giannetto, S. Meneghetti and A. Costacurta, Istituto Sperimentale per la Viticoltura di Conegliano, 'Molecular Contribution to the Knowledge of Two Ancient Varietal Populations: 'Rabosi' and 'Glere' (2009) 827 *Acta horticulturae* 217, 218 ('Molecular Contribution').

Crespan and including former VIT director Prof. Angelo Costacurta, found that 'Vitouska' was derived from parent grape varieties 'Malvasia bianca lunga' alias 'Malvasia del Chianti' and 'Prosecco tondo'.²⁹

The largest vine nursery in the world is a Friulan co-operative known as Vitis Rauscedo. It is located in Friuli-Venezia Giulia, Italy, and has been operating for almost a century.³⁰ It produces over 80 million grafted roots annually, and it has played a central and indisputable role in the Prosecco's growth.³¹ Yet the word 'Glera' does not appear anywhere in the current Rauscedo catalogue of 2019. Despite the Italian Ministerial Decrees and EU Regulation of 2009,³² some 10 years later, the current electronic catalogue still only mentions Prosecco Serprina, Prosecco Tondo, two varieties of Prosecco Balbi, and two varieties of Prosecco Lungo.³³

As to why Rauscedo did not update their electronic catalogue in the intervening decade since 2009, especially given their undoubted credibility, Bortone reports that Monique Truant, a representative of Rauscedo, has explained that 'it would be extremely costly' to re-publish a new catalogue 'every time an official nomenclature change is introduced', and that 'Prosecco clones mentioned and presented in the catalogue...entered the clonal selection procedure...before the obligation to re-denominate the vine with the varietal name 'Glera' came into force'.³⁴ Thus, Prosecco grapes sold from the most important vine nursery in the world, still to this day, are sold under the name 'Prosecco', not Glera. Whilst Rauscedo have pointed to switching costs as apparently having delayed the update for some 10 years, the commercial implications of changing the catalogue should not be overlooked, given that the name 'Glera' has not been widely recognised in practice.

The evidence that Glera is a credible replacement for Prosecco as the name of the grape variety is as equally flawed as the evidence that Prosecco is no longer the name of a grape variety.

3. Leading Italian and international wine authors, and Italian grape growers, confirm that Prosecco is the name of a grape variety

Australian viticulturist and winemaker Otto Dal Zotto and others have reiterated that the name of the grape variety is Prosecco.³⁵ Upon purchase of the vine buds in the late 1990s, Dal Zotto states that the grape was identified only as Prosecco on all documentation, with no mention of Glera. Moreover, DNA testing conducted by the prestigious French Institute, Institut Francais de la Vigne et du Vin, commissioned in order to confirm the verification of the grape variety in 2011, clearly identified it as 'Prosecco'.³⁶ Australian growers invariably refer to the grape variety by the name under which it was sold to them, consistent with the nomenclature used by growers in Australia and in Italy, and in accordance with the views of leading writers and experts.

Dal Zotto, who was raised on a property in Valdobbiadene in a family which grew Prosecco, has stated that the grape was always called Prosecco by his family and anyone in the area and that the word 'Glera'

²⁹ M. Crespan, G. Crespan, S. Giannetto, S. Meneghetti and A. Costacurta, CRA-VIT, "Vitouska' is the progeny of 'Prosecco tondo' and 'Malvasia bianca lunga'" (2007) 46(4) *Vitis* 192–194.

³⁰ Vitis Rauscedo Soc. Coop. Agricola, Via Richinvelda, 45, 33095 San Giorgio della Richinvelda, formerly Province of Pordenone, now Friuli-Venezia Giulia, Italy.

³¹ Davide Bortone, 'Fake Brazilian Sambas to Rhythm: On the Rauscedo catalogue 'Prosecco', not 'Glera'', WinemagIt, 10 January 2019, www.winemag.it (accessed 22 February 2019).

³² Ministerial Decree of 27 March 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 146 of 26 June 2009, p. 92 (*Modification of National Register of Vine Varieties*), p. 94 (synonym 'Glera' for 'Prosecco' and 'Glera Lunga' for 'Prosecco Lungo'); EU Regulation, above fn 1. See also Ministerial Decree of 17 July 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 173 of 28 July 2009, pp. 35-65 (references to the change to 'Glera' in preamble and in production rules recognized for the new DOC and DOCGs).

³³ Vitis Rauscedo Soc. Coop. Agricola, *Vitis Catalogo Cloni Bianchi*, p. 26 (offering 6 varieties of Prosecco grape vines).

³⁴ Bortone, above fn 31.

³⁵ See, e.g., Australian winemaker Larry Cherubino, reportedly stating that 'Prosecco is recognised as a grape variety, not a region, in Australia': Lauren Eads, 'Prosecco DOC to Allocate further 3,000 Hectares', *The Drinks Business*, 5 May 2016, www.thedrinksbusiness.com/2016/05/prosecco-doc-to-allocate-further-3000-hectares/ (accessed 22 February 2019).

³⁶ Email correspondence, Institut Francais de la Vigne et du Vin to Yalumba Nursery, 11 April 2011 (on file with authors).

was never used. Dal Zotto frequently visited Valdobbiadene and other Treviso areas to consult with experts there, yet had never heard the term 'Glera' until 2009. Michael Dal Zotto, the son of Otto Dal Zotto and now the CEO of Dal Zotto wines, undertook a month-long study tour of Italy in 2008 for the express purpose of studying the making of Prosecco. His report on his study tour is publicly available. Unsurprisingly, it makes frequent references to Prosecco. It makes no reference to the word Glera anywhere.³⁷

Wine writers concur. Lauren Eads concludes that '[t]he change [in 2009 of grape name from Prosecco to Glera] was intended to prevent people from using the name Prosecco for wines produced outside of the region.'³⁸ English wine journalist Jamie Goode states:

'When the grape came to Australia, its name was Prosecco. Its origin was Italy, but no one owns the names of grape varieties. Aware of this, in 2009 the Italians were shrewd enough to change the name of the grape (which can't be protected) to Glera, leaving them free to get a PDO for Prosecco, which is now a style of wine from a particular place (which can be protected).'³⁹

In their co-authored multi-awarded work, *Wine Grapes* (2012), often referred to as the 'bible' of wine, leading wine experts Jancis Robinson MW, Julia Harding MW and Dr José Vouillamoz list each of 1,368 grape varieties. In this work, there are 3 relevant headings: Prosecco, Prosecco Lungo, and Glera. Under the heading 'Glera' it simply states:

'GLERA see PROSECCO'.

Moreover, the entry for Prosecco contains an even more pointed sub-heading by way of explanation:

'PROSECCO ... *Misleadingly renamed Glera for commercially protective reasons*'.⁴⁰

The authors explain that the dominant grape 'Prosecco Tondo' is now known simply as 'Prosecco', whereas the older and spicier grape 'Prosecco Lungo' has been confirmed by DNA studies to be both strongly related to, but distinct from Prosecco, and more widespread than once thought,⁴¹ and more frequently grown across Friuli and Veneto, but often mistakenly identified under a number of different names.⁴²

One of the co-authors of *Wine Grapes*, who is also a grape geneticist and leading global authority on grape varieties, Dr José Vouillamoz, was reported as stating:

'I'm on the Australian side for this question. Prosecco is a grape name, and as such it cannot be protected... In *Wine Grapes* (2012) we have deliberately opted to use the name Prosecco for this variety for two good reasons:

1) the rule in the International Code of Nomenclature for Cultivated Plants it that the oldest valid name of a variety/cultivar prevails over subsequent synonyms; in this case it is Prosecco.

³⁷ Michael Dal Zotto, *Prosecco: A Grape Variety from the Veneto Region of Italy* (2009) ISS Institute Inc.

³⁸ Eads, above fn 34.

³⁹ Jamie Goode, 'Prosecco Wars: should the Aussies be able to use the name?', *Wine Anorak*, 11 April 2018, www.wineanorak.com/wineblog/australia/prosecco-wars-should-the-aussies-be-able-to-use-the-name (accessed 22 February 2019).

⁴⁰ Jancis Robinson, Julia Harding and José Vouillamoz, *Wine Grapes* (2012), p. 853, 'Prosecco'.

⁴¹ Robinson, Harding and Vouillamoz, above fn 40, p. 855, 'Prosecco Lungo'.

⁴² Citing DNA studies including that by Crespan et al (2009), above fn 28, Robinson, Harding and Vouillamoz, above fn 40, p. 855, 'Prosecco Lungo.'

2) Glera is a generic name applied to several distinct varieties in the province of Trieste, and most of the time it refers to Prosecco Lungo, a variety that is distinct from Prosecco (also called Prosecco Tondo) with which the widespread sparkling wine is made.

The current situation is the result of a political/economical/marketing subterfuge from the Italians. Name change based on deliberate mistakes is not valid in ampelography. And not for *Wine Grapes* either. NB: many Italian grape scientists share this view.⁴³

The *International Code of Nomenclature for Cultivated Plants* referred to by Dr Vouillamoz is a highly recognized, long-standing work, changes to which are determined by vote of a distinguished international committee and published by the International Society of Horticultural Science. Its purpose is to provide a 'stable method of naming taxa of cultivated plants, avoiding and rejecting the use of names that may cause error or ambiguity'. Consequently, it emphasizes that '[t]he *only proper reasons for changing a name of a taxon are either a more profound knowledge of the facts* resulting from adequate taxonomic study...', and moreover, where doubt exists, it follows custom.⁴⁴

Dr Vouillamoz has been vocal on the subject on social media. In June 2017, he tweeted 'Italians managed to artificially rename Prosecco into Glera in order to protect Prosecco as a DOC'.⁴⁵ Earlier in 2013, he tweeted 'International Rule: it is forbidden to protect a grape variety or synonym. Reality: Sadly different, see Prosecco'.⁴⁶

Aside from Wine Grapes, Robinson has elsewhere also repeatedly maintained that the grape name is Prosecco, not Glera.⁴⁷ In 2015, in her article 'Nine Years of New Words', Robinson said:

'The producers of one of the contemporary wine world's extraordinary success stories, Prosecco, realised that, since their increasingly popular wine was named after the grape responsible for it, anyone could plant that grape and call their wine Prosecco. They therefore cunningly renamed the grape Glera in 2009 and managed to register Prosecco as a protected geographical name with the EU by enlarging it so much that it includes a village of that name in Friuli (and indeed most of north-east Italy).'⁴⁸

In 2017, Robinson noted:

'Fake news has hardly impinged on the world of wine but I honestly thought it had last January when I read that Prosecco producers were applying for UNESCO world heritage status for their growing area, 35,000 acres (14,154 ha) of vineyards in virtually the whole of north east Italy. It was doubled overnight in 2009 when they cunningly renamed the eponymous grape responsible for their wine Glera and registered Prosecco as a protected geographical indication'.⁴⁹

The view of Dr Vouillamoz has consistently remained that the grape variety is Prosecco. Robinson's publications prior to 2012 are likewise consistent with her view that Prosecco is a grape variety, and her comments of 2015 and 2017 further note the extraordinary nature of the expansion of pre-existing DOC

⁴³ Goode, above fn 39.

⁴⁴ *International Code for the Nomenclature for Cultivated Plants* (9th edn, 2016), *Scripta Horticulturae No 18*, Adopted by the International Union of Biological Sciences International Commission for the Nomenclature of Cultivated Plants, www.ishs.org/sites/default/files/static/ScriptaHorticulturae_18.pdf ('International Code/International Code of Nomenclature for Cultivated Plants'), pp. 1-2 (emphasis added, accessed 22 February 2019).

⁴⁵ José Vouillamoz (@José Grapes), Twitter, 26 June 2017.

⁴⁶ José Vouillamoz (@José Grapes), Twitter, 30 April 2013.

⁴⁷ Jancis Robinson, *Robinson's Guide to Wine Grapes* (1996), p. 150 (listing Prosecco but not Glera as a grape variety).

⁴⁸ Jancis Robinson, 'Nine Years of New Words', 12 September 2015, www.jancisrobinson.com/articles/nine-years-of-new-words (accessed 22 February 2019).

⁴⁹ Jancis Robinson, 'Is Champagne Losing its Fizz', 29 April 2017, www.jancisrobinson.com/articles/champagne-losing-its-fizz (accessed 22 February 2019).

areas, and pending application for UNESCO heritage status.⁵⁰ Yet the names of all pre-existing DOC areas had all referred to actual geographical areas, with none referring to Prosecco as a geographical indication before 2009.⁵¹

Multiple other leading authors are referred to in a forthcoming article on this issue.⁵² Some notable mentions amongst that lengthy list include Cernelli and Sabellico. In their work *The New Italy: A Complete Guide to Contemporary Italian Wine* (2000), Cernelli and Sabellico omit any mention of a wine variety called 'Glera'. This complete guide, however, gives ample mention amongst white grape varieties to Prosecco, giving descriptions of the history of 'prosecco grapes'⁵³ and styles and types of prosecco wines. Likewise, Cernelli and Sabellico's index omits any reference to the word 'Glera'.⁵⁴

Since that work in 2000, Sabellico has altered his views and is reported as stating that:

'In 2009, Italy changed the name of the grape to glera...The change was a response to the fact that many other countries planted prosecco - South America and other places... According to European Law, if a wine bears a town's name, it cannot be used in other places. A similar thing happened in Hungary with their town called Tokaji'.⁵⁵

While no doubt not intended to be a fulsome explanation of the legal position, Sabellico's change of view does raise the issue of how geographical indications such as Prosecco di Conegliano and Prosecco di Valdobbiadene could have been established in 1969. The outer suburb of Trieste called Prosecco is located quite some distance from the towns of Conegliano (134km) and Valdobbiadene (166km). Moreover, as mentioned earlier, the resulting unlikely syntax of two quite distant geographic indicators in each of the single denominations seem fanciful.

In fact, Prosecco the suburb, which is neither a region, province nor a commune within Italy, is only just located in the southern part of a narrow strip of land included in the Prosecco DOC area that travels in a south-south-east direction down the Balkan Peninsula near the Adriatic Sea in the province of Trieste within the Friuli region. Robinson reportedly claims that the town Prosecco was 'simply a staging post for the grape as it spread'.⁵⁶

The DOC/DOCG area is vast and growing. The original DOC of Prosecco di Conegliano-Valdobbiadene comprised 15 municipalities in 1969. The Asolo Prosecco DOCG (formerly Colli Asolani Prosecco),⁵⁷ contained just 17 municipalities. The DOC area created in 2009 now contains all 95 municipalities of the province of Treviso, and now consists of 556 municipalities, including those in Friuli. There are significant cultural, linguistic and political differences between the region of Veneto and the region of Friuli, and especially with the suburb of Prosecco in Trieste. For example, Friuli is one of the 5 autonomous regions within Italy under Art. 116 of the Italian Constitution. The suburb of Prosecco and the

⁵⁰ Work began in 2008 to have the Valdobbiadene area listed for world heritage significance, and the application is due for consideration on 10 July 2019 in Azerbaijan, see 'Il Consiglio direttivo della Commissione Nazionale Unesco ha deliberato a favore delle Colline del Prosecco di Conegliano e Valdobbiadene', www.prosecco.it/it/il-consiglio-direttivo-della-commissione-nazionale-unesco-ha-deliberato-a-favore-delle-colline-del-prosecco-di-conegliano-e-valdobbiadene/ (accessed 22 February 2019).

⁵¹ Wine Federation of Australia (WFA), 'Australian Prosecco: Get the Facts' (2018).

⁵² Mark Davison, Caroline Henckels, and Patrick Emerton, 'In Vino Veritas? The Dubious Legality of the EU's Claims to Exclusive Use of the Term 'Prosecco'' *Australian Intellectual Property Journal* (forthcoming), www.papers.ssrn.com/sol3/Papers.cfm?abstract_id=3304239 (accessed 22 February 2019).

⁵³ Daniele Cernelli and Marco Sabellico, *The New Italy: A Complete Guide to Contemporary Italian Wine* (2000) (*The New Italy*), pp. 83 (referring to 'prosecco grapes') and 221 ('Prosecco (grape)').

⁵⁴ Cernelli and Sabellico, *The New Italy*, above fn 53, pp. 219 (absence of 'Glera'), and 221 ('Prosecco (grape), Prosecco di Conegliano-Valdobbiadene, Prosecco di Valdobbiadene').

⁵⁵ Marco Sabellico, co-editor of *Gambero Rosso*, quoted by Huon Hooke, 'Prosecco Purists Balk at Paris', *Good Food*, 22 April 2014, www.goodfood.com.au/drinks/prosecco-purists-balk-at-paris-20140418-36wzn (accessed 22 February 2019).

⁵⁶ Hooke, above fn 55.

⁵⁷ Italian Wine Central, www.italianwinecentral.com/denomination/asolo-prosecco-docg/, stating that the former denomination was discontinued in 2014 (accessed 22 February 2019).

city of Trieste are close to Slovenia, and until 1918 were part of what is now Slovenia. The creation of a DOC area of such size and diversity is quite extraordinary, and begs the question as to what commonality exists within the DOC/DOCG.

The climatic and geographical differences involved over such a vast area have an undoubted impact upon the nature of wine produced. As Pierazzo da Feltre explains of the premier DOCG Prosecco areas of Conegliano and Valdobbiadene:

‘...These two DOCG zones are very different from the DOC zone, in just about every re[s]pect. Here we are in the hill zone of northern Veneto, close to the Alps. Here the vines are exposed to extreme climate variations, the slopes bringing swings in temperature and humidity every day, with the ground always well drained. Exposure and soil composition vary from parcel to parcel but are always excellent for our grapes. For these reasons, even a non-skilled taster will always easily be able to distinguish, in a blind tasting, one brother from the other.

...today Prosecco has two faces: inside the [Valdobbiadene & Conegliano] DOCG territory wines are...more complex, refined, important, emotional and, inevitably, costly. In the DOC part, simplicity is the goal, yields are higher, and costs are low thanks to mechanisation (flat terrain, no steep hills).’

Thus he states, by contrast to the steep mountainous hills of the DOCG area, the expansive, flat DOC Prosecco terrain covering almost all of the Veneto region and all of Friuli ‘produc[es] massive quantities of solid, cheap ‘entry-level’ Prosecco’.⁵⁸

The effects of these differences in terrain and climate within the DOC, and differences in production methods, are profound. ‘Due to geological differences within Italy’s designated Prosecco-making regions, wines can be fruity and floral, redolent of fruits like apricots and pears, or more pronounced in their minerality. Production styles vary, too. For example, a cloudy prosecco colfondo is bottle-fermented, while some proseccos are made in a style that don’t have bubbles at all’.⁵⁹ Thus ‘Prosecco wines exist in still, but mainly fizzy and sparkling, versions’.⁶⁰

The breadth of different growing conditions (and methods) demonstrates that the grape variety is key. Were the specific geographic conditions of a particular area really the basis for the Prosecco DOC designation rather than the grape, one might have expected some consistency in those conditions, whereas in fact this is not the case at all. Nor are production methods consistent. As rather starkly noted by the Fraternity of Valdobbiadene in 2018, DOCG production will be subject to rules prohibiting mechanisation or irrigation (except in emergencies), in order to maintain high quality.⁶¹ By contrast, mechanisation is common in the broader DOC. This variety underscores the reality that the common factor is the grape variety grown, and not the geographic location or method.

This conclusion is further supported by the continued push for expansion of the DOC. The Prosecco DOC Consortium recently expanded the DOC area by a further 3,000 hectares.⁶² As others have noted, the ‘unique territory’ argument is ‘damaged by the fact that the commercial success of Prosecco has led the boundaries of where it is allowed to come from to expand’.⁶³ It is uncertain whether any ‘geographic’ boundaries to DOC expansion exist within Italy.⁶⁴ The ‘unique territory’ argument is further weakened by

⁵⁸ Pierazzo da Feltre, ‘In Praise of Prosecco’, 1 May 2017, www.jancisrobinson.com/articles/in-praise-of-prosecco (accessed 22 February 2019).

⁵⁹ Author unknown, ‘4 Myths about Prosecco’, *Robert Parker Wine Advocate*, March 2017, www.guide.michelin.com/sg/features/prosecco-italian-sparkling-wine/news (accessed 22 February 2019).

⁶⁰ Robinson, Harding and Vouillamoz, above fn 40, ‘Prosecco’ p. 853.

⁶¹ Fraternity of Valdobbiadene, above fn 14.

⁶² Driven by anticipated demand, Luca Giavi, director general of the Prosecco DOC Consortium, reportedly announced an increase of 3,000 hectares to the designated region: Eads, above above fn 35.

⁶³ Goode, above fn 39.

⁶⁴ Joint efforts in sharing wine-making techniques between Veneto DOCG Prosecco producers and Sicilian wine producers have been encouraged by the Italian Confederation of Agriculture (CIA): Unknown, ‘Twinning between CIA Veneto and

the latest declaration by the Grand Master of the Fraternity of Valdobbiadene regarding the preference to remove any reference to Prosecco from DOCG denominations.⁶⁵

4. The international vine and grape community unequivocally identifies Prosecco as a grape variety

The Organisation of International Vine and Wine (OIV) is an international organisation, established by an international treaty in 2001 as the successor to the International Vine and Wine Office, created in 1924. The OIV has published a number of documents concerning grape varieties, which clearly indicate that Prosecco is understood to be a grape variety. The only relevant descriptions under the heading 'Italy' within the 2013 edition of *Description of World Vine Varieties* published by the OIV are 'Prosecco Lungo B' and 'Prosecco Tondo B'.⁶⁶ No mention of 'Glera' appears at all.

Those publications also indicate that Prosecco was considered a grape variety in Italy itself until the recent change in the law.⁶⁷ The OIV has a prize for the best publications in wine worldwide, which have been awarded to works that make it abundantly clear that Prosecco is the name of a grape variety.

5. The EU expressly stated in a 1994 agreement with Australia that Prosecco is a grape variety

The evidence on this point is incontrovertible.⁶⁸ On page 62 of the EU-Australia agreement, after claiming protection for the geographical indication 'Montello e Colli Asolani', the agreement follows reference to that geographical indication with the following statement:

'accompanied by one of the following expressions:

- *rosso*
- *superior*

or by the name of *one of the following vine varieties:*

- *Prosecco*
- Merlot
- Cabernet
- Cabernet franc
- Cabernet sauvignon
- Chardonnay
- Pinot bianco'⁶⁹

In other words, the EU agreed with Australia in an international treaty in 1994 that Prosecco is a 'vine variety'. The EU now makes the extraordinary claim that Prosecco is no longer a vine variety but the geographical indication for the exceptionally large DOC area created in 2009. Extraordinary claims require extraordinary evidence.

There are contemporaneous reports which imply that the change of name was prompted by a desire to eliminate or impede competition from other Prosecco growers. Porcu reports:

CIA Sicilia, *Economia Sicilia*, 27 October 2011 www.economiasicilia.com/2011/10/27/gemellaggio-tra-cia-veneto-e-cia-sicilia/ (accessed 22 February 2019).

⁶⁵ Fraternity of Valdobbiadene, above fn 14.

⁶⁶ Organisation Internationale de la Vigne et du Vin (International Organisation of Vine & Wine), *Description des Cepages du Monde Internationale de la Vigne et du Vin* (2013), www.oiv.int/public/medias/2272/des-cep-monde-edition-2009.pdf, 'Italy' pp. 41-43 (accessed 22 February 2019).

⁶⁷ OIV, above fn 66.

⁶⁸ *Agreement between the European Communities and Australia on Trade in Wine – Protocol – Exchange of letters* [1994] OJ L 86/3, Annex II.

⁶⁹ Emphasis added.

'In the case of Prosecco one of the motivations of the day was the report by the President of the Prosecco DOC Protection Consortium, the reality that in 2006 it produced a total of 95 million bottles and now produces 192 million bottles and next year will produce 250 million bottles. Numbers, as we see, extraordinarily important not only for the local economy but for the entire country. Currently the domestic market consumes 40% of production, 60 percent goes abroad.

But how was such an operation possible? ...

'One thinks' - said [Fulvio Brunetta, President of the Consortium] - 'that in the world 200 products have been registered under the name of Prosecco. How to defend ourselves? The intention [was] to change the name of the vine, since 2009 it is not called Prosecco but Glera. Prosecco is instead the territory that produces that wine'.⁷⁰

Likewise, Sparvoli reported in 2010, at the Vinitaly celebrations in Verona:

'The 'bang' of the 6-litre Mathusalem of Conegliano Valdobbiadene DOCG - the new guaranteed and traceable denomination of Prosecco di collina [of the hills] - inevitably has attracted the attention of the public, the press and the professionals who arrived at the 44th Verona exhibition...

...The last autograph was Luca Zaia, yesterday at Vinitaly in the dual roles of Minister of Agriculture and Governor of Veneto...'This recognition you all wanted with a great strength of willpower' – said the Minister to producers – '[was] managed very well by local administrators and obtained in record time. I have done nothing but give a whip in Ministry to hasten the speed. Now we need to be responsible and produce according to the constraints, using the Glera vine'.⁷¹

In 2008 Amy Cortese reported on the plan by the Prosecco Protection Consortium to join with other Italian producers to 'create an official prosecco production zone', including flatland areas which only recently began to grow the grape, in order to drastically increase production and capture the market.⁷² She reports that they 'hope[d] to do more than give prosecco a territorial identity. They also want[ed] the muscle power to meet growing demand'.⁷³ The plan pivoted upon an 'area that didn't exist 25 years ago [but which by then] now account[ed] for 60 percent of prosecco production'.⁷⁴ The motivation behind the lobbying efforts that eventuated in the Italian government decision of 2009 was to create a broad new DOC designation which would enable output volumes to counter '[t]he threat of foreign-brand prosecco [which] prompted northern Italian producers, of both [the original] D.O.C. [now DOCG] and [former] I.G.T. prosecco, to work together to protect their turf. [They claimed] their proposal will raise quality and prevent others from calling their products prosecco', so that '[o]nly wine produced in that region could be labelled as prosecco'.⁷⁵ As one grower put it, the 2009 change would '...let prosecco be an Italian product — and nothing else'.⁷⁶ She reports Ludovico Giustiniani, Vice President of the Consortium, as saying:

'If everyone around the world plants prosecco, we will lose the value of the name'.⁷⁷

⁷⁰ Pasquale Porcu, 'Vino sardo? Ottimo, che peccato che non si venda', la Nuova Sardegna, www.lanuovasardegna.it/regione/2012/05/22/news/vino-sardo-ottimo-che-peccato-che-non-si-venda-1.4963312, (accessed 22 February 2019).

⁷¹ Cristiana Sparvoli, 'Prosecco, la DOCG decolla al Vinitaly', la Tribuna di Treviso, 9 April 2010, www.ricerca.gelocal.it/tribunatreviso/archivio/tribunatreviso/2010/04/09/TB1PO_TB101.html (accessed 22 February 2019).

⁷² Amy Cortese, 'Italian Makers of Prosecco Seek Recognition', The New York Times, 26 December 2008, www.nytimes.com/2008/12/28/business/worldbusiness/28prosecco.html (accessed 22 February 2019).

⁷³ Cortese, above fn 72.

⁷⁴ Gianluca Bisol, (general manager of Bisol Winery, Valdobbiadene), reported by Cortese, above fn 72.

⁷⁵ Cortese, above fn 72.

⁷⁶ Giancarlo Moretti Polegato, (owner of Villa Sandi), reported by Cortese, above fn 72.

⁷⁷ Ludovico Giustiniani, reported by Cortese, above fn 72.

Reports of the announcement by Minister of Agricultural Policy Luca Zaia in 2009 clearly describe the motivation:

“Today's recognition of the synonym Glera for the Prosecco vine is a further step for the protection of one of the most extraordinary products of our agri-food sector ‘: this is how the Minister of Agricultural Policy Luca Zaia communicates news of one of his wines of the heart’, commenting on what was established today by the Ministerial Committee for Vine Varieties.

‘This recognition is linked to the next one’ - explains the Minister – ‘which will concern the DOC ‘Prosecco’ intended as Geographical Denomination, and has the fundamental purpose of distinguishing the vine from the denomination itself’.⁷⁸

6. Documents that justify the change of the name of Prosecco grape to Glera ought to be made publicly available, given the significance of the issue

Documents which need to be available in order to assess the veracity of and legal justification for these matters include the following:

- Documents relating to the process leading to and the decision to create in 1969 the Prosecco di Conegliano-Valdobbiadene DOC;
- Documents relating to process leading to the re-creation of Montelli e Colli DOC (referred to in the 1994 treaty with Australia) and its renaming as Colli Asolani DOCG Prosecco Superiore;
- Documents relating to the process preceding and the decision announced in the Ministerial Decrees No. 173 of 17 July 2009⁷⁹ and No 141 of 27 March 2009⁸⁰ to recognise:
 - the denomination of controlled origin of wines «Prosecco»,
 - the designation of origin and guaranteed wines ‘Conegliano Valdobbiadene - Prosecco’,
 - the registered designation of origin e guaranteed wine ‘Colli Asolani - Prosecco’ or ‘Asolo - Prosecco’ for the respective sub-areas, and
 - the change in the National Register of Vine Varieties from Prosecco to Glera, and ‘Prosecco Lungo’ to ‘Glera Lunga’.
- Documents relating to the process preceding and the decision announced in the ministerial decree March 27, 2009 to make changes to the national register of vine varieties to substitute the synonym ‘Glera’ for the vine variety ‘Prosecco’ and the synonym ‘Glera lunga’ for the vine variety ‘Prosecco lungo’ and any further documents outlining the evidence that was relied upon to justify this decision, including any further documents outlining the evidence that was relied upon to justify this decision particularly in respect of the grounds required to justify creating a DOC in relation to such a large geographical area, including:
 - issues of science such as differences in soil type, topography and climate;
 - any relevant differences in the methods used for making Prosecco; and
 - issues of cultural differences (including the influence of Slovenian heritage in specific parts).
- A copy of the documentation provided in accordance with the procedures outlined in Regulation (CE) No. 479/2008 of the European Council of 29 April 2008, on the common organization of the wine market, in particular Title III, Chapter IV, laying down rules on names of origin and geographical indications leading to the entry into force of Decree 17 July 2009, ‘Recognition of the denomination of controlled origin of wines «Prosecco», recognition of the designation of origin

⁷⁸ Report of Announcement by Ministry of Agricultural Policy, ‘Prosecco ... Good Recognition of Synonym Glera for the Variety of Prosecco’, *Wine News: The Pocket Wine Website in Italy*, 12 March 2009

⁷⁹ Ministerial Decree of 17 July 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 173 of 28 July 2009, pp. 35-65.

⁸⁰ Ministerial Decree of 27 March 2009, reported at *Gazzetta Ufficiale della Repubblica italiana* No 146 of 26 June 2009, p. 92 (*Modification of National Register of Vine Varieties*), p. 94.

and guaranteed wines ‘Conegliano Valdobbiadene - Prosecco’ and recognition of the registered designation of origin e guaranteed wine ‘Colli Asolani - Prosecco’ or ‘Asolo - Prosecco’ for the respective sub-areas and approval of the related regulations of production.’ (09A08700).

7. The prohibition on the marketing of Prosecco made in countries other than Italy may contravene the WTO TRIPS Agreement

There are numerous obligations under the TRIPS Agreement⁸¹ that might be breached by the EU’s prohibition on the marketing of Australian or other countries’ wine labelled as Prosecco. Those breaches would also be made by any other member of the WTO that prohibited the marketing of Australian Prosecco on the same basis.

The arguments relating to Article 20 of the TRIPS Agreement have already been made elsewhere, so we address them only briefly here.⁸² Article 20 of the TRIPS Agreement provides that ‘The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements ...’. In the 2018 WTO dispute settlement panel report in *Australia—Certain Measures Concerning Trademarks*, the panel found that a ‘special requirement’ is a legal requirement that has ‘a close or exclusive connection’ to the use of a trademark.⁸³ The prohibition of the use of the term Prosecco is likely to be such a special requirement in relation to the use of trademarks containing the word Prosecco in the course of trade. The prohibition would be ‘unjustifiable’ within the meaning of Article 20 if Prosecco is a grape variety of that name. The meaning of ‘unjustifiably’ was considered by the above-mentioned WTO panel in some detail. The question of justifiability involves a weighing and balancing of the interests of the relevant trademark owners against the reasons why government imposed the encumbrance.⁸⁴ If Prosecco is not a geographical indication but is rather the name of a grape variety, there is no justification for encumbering the use of the term within trade marks for products made from that grape.

In addition to that issue, there are other potential issues arising under the TRIPS Agreement in relation to national treatment,⁸⁵ and the unfair competition provisions of Article 10bis of the Paris Convention that are incorporated into TRIPS by way of Article 2.

If, as we argue, Prosecco is the name of a grape variety and producers of the wine made from that grape share in the goodwill associated with that expression, a law prohibiting the use of the term by those from other nations while permitting it to be used locally is almost certain to be inconsistent with the national treatment obligation. It would be a law regarding the protection of intellectual property, which would provide nationals of other WTO members such as Australia, New Zealand and Brazil with less favourable treatment than that accorded to Italian producers.

The prohibition of use of the term Prosecco by some Prosecco producers, but not others, might well be inconsistent with Article 10bis(3) of the TRIPS Agreement, which provides that:

‘The following in particular shall be prohibited: ...

(3) ‘indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.’

⁸¹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C (15 April 1994).

⁸² Davison et al, above fn 52.

⁸³ Panel Report, *Australia — Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WT/DR441/R, WT/DS458/R, WT/DS467/R, 28 August 2018, para. 7.2224 (*‘Australia – Certain Measures Concerning Trademarks’*).

⁸⁴ *Australia – Certain Measures Concerning Trademarks*, above fn 83, para. 7.2430.

⁸⁵ Article 3 (National Treatment): ‘Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property.’

The WTO panel report mentioned above found that:

‘... we do not exclude that an omission of information may amount to an indication or allegation that is liable to mislead, where such omission, in the course of trade, deceives the consumer by giving incorrect information or a false impression.’⁸⁶

The term Prosecco is clearly an ‘indication’ within the meaning of Article 10bis(3) of the TRIPS Agreement. The prohibition of use of the term Prosecco by some Prosecco producers, while permitting its use by others, would enforce a selective omission of information - namely, that the wine in question made by those prohibited from using the term is made from the Prosecco grape variety. The ‘incorrect information or false impression’ that this measure would convey would be that only that wine with the Prosecco label on it was made from the Prosecco grape. It would infer that other wines without that label are not made from Prosecco grape when, in fact, they are so made.

In the *Australia—Certain Measures Concerning Trademarks* decision, the WTO panel made much of the fact that the restrictions put in place by the tobacco packaging legislation on the use of various indications were uniform and were imposed on all tobacco retailers. The consequence was that the omission of some information by every retailer was less likely to create a false impression or provide incorrect information than if the contrary were the case. The EU claim to EU exclusivity over use of the name of a grape variety would seem to fall squarely within what the Panel might have considered as unfair competition within the meaning of Article 10bis(3)(3) of the Paris Convention.

8. The prohibition on labelling non-Italian Prosecco as Prosecco may contravene the WTO TBT Agreement

The TBT Agreement⁸⁷ is designed to ensure, inter alia, that ‘technical regulations’⁸⁸ are non-discriminatory (between and among foreign goods) and do not create unnecessary barriers to international trade. A prohibition on marketing wine products labelled with the term Prosecco, for wine that does not come from a particular area in Italy and made in accordance with the relevant Italian regulations for making Prosecco, would fall within the definition of a technical regulation.

The obligation not to discriminate in the TBT Agreement aims, in part, to eliminate WTO members affording less favourable treatment to products of foreign origin vis-a-vis similar domestic products, without justification. Determining whether a technical regulation unlawfully discriminates between domestic and foreign products requires two separate criteria to be fulfilled.

First, the technical regulation must modify the conditions of competition in the market of the regulating WTO member to the detriment of imported products vis-à-vis like (similar) domestic products.⁸⁹ There is a strong argument that Italian wine made from the Prosecco grape and Australian wine made from the Prosecco grape are like products. The key factor is the nature and extent of a competitive relationship between and among Prosecco products in the relevant market or, in other words, the substitutability of one type of Prosecco for another. In this case, the 2009 EU Regulation, by prohibiting foreign wine made from Prosecco to be labelled as such but permitting Italian Prosecco to be so labelled, amounts to modifying the conditions of competition to the detriment of Australian Prosecco.

⁸⁶ *Australia – Certain Measures Concerning Trademarks*, para. 7.2759. The matter is the subject of an appeal that has yet to be heard.

⁸⁷ Agreement on Technical Barriers to Trade, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A (15 April 1994).

⁸⁸ A ‘technical regulation’ is defined in Annex 1.1 to the TBT Agreement as a: ‘Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.’

⁸⁹ Appellate Body Report, *United States — Measures Affecting the Production and Sale of Clove Cigarettes (US—Clove Cigarettes)*, WT/DS406/AB/R, para. 180.

Second, this differentiation between foreign and domestic products is only permissible where it ‘stems exclusively from a legitimate regulatory distinction’, rather than discrimination on the basis of national origin.⁹⁰ In other words, it is sometimes permissible to differentiate against and between foreign products—for example, for health or safety reasons. What is not permissible, however, is for a WTO member to engage in intentional discrimination with the aim of protecting a domestic industry—which the evidence strongly suggests is the case in relation to Prosecco.

9. There is a serious question as to whether an Australian law prohibiting the marking of Australian Prosecco is unconstitutional

Section 51(xxxi) of the Australian Constitution provides that the Commonwealth government must not acquire property on other than just terms. This provision is usually engaged if the actions of the Commonwealth (including by legislation) effectively transfers property from one party to another party.

In the event that the federal Parliament was, at the behest of the EU, to enact a law that prohibited Australian Prosecco producers from marketing their product as such, the effect of that law would be to take away Australian producers’ reputation and goodwill associated with that term, as reputation associated with a common law trademark is regarded as a form of property.⁹¹ Such a law might, therefore, be regarded as an effective transfer of the goodwill and the reputation in Australia associated with Prosecco to Italian producers.

However, whether such a law would engage section 51(xxxi) would depend on the source of Constitutional power that the government would rely on in making such a law. The Constitution permits the federal Parliament to enact laws only in relation to certain topics (‘heads of power’) which include, relevantly, the power to make laws with respect to patents, copyright and trade marks, and the power to make laws with respect to ‘external affairs’, which includes implementing international treaties. The case law on s 51(xxxi) and its interaction with the power to make laws with respect to copyright, patents, and trade marks indicates that if a law is enacted pursuant to this head of power, and ‘is not directed towards the acquisition of property as such’, the law will not be subject to the requirement to acquire property on just terms, because the very nature of intellectual property laws is that they create, negate and adjust the rights and privileges of use and adjust the powers between different parties in relationship to the intellectual property in question.⁹²

Whether such a law could be so characterised is an open question. While the High Court has taken a broad view as to the scope of this head of power and, in particular, a broad view of what constituted a law with respect to trade marks, there would be a further question of whether or not the law was directed to the acquisition of existing property rights. The answer to this question would depend on the wording of the law and an in-depth analysis of Australian Prosecco producers’ existing property rights. Finally, in the event that the High Court was to find that such a law amounted to an acquisition of property, the question of just terms (compensation for transfer of property rights) would need to be considered by the Court.

Conclusion

The evidence is abundantly clear that Prosecco is the name of a grape variety and is not a geographical indication. As such, there is no justification for the EU’s demands for protection of Prosecco as a condition of entering free trade agreements with other countries. In addition, any bans or proposed bans on the marketing of non-Italian wine labelled as Prosecco is likely to raise significant issues of inconsistency with WTO members’ obligations under the TRIPS and TBT Agreements and, in the case of Australia, potential Constitutional issues. Moreover, to accept the EU’s claims in relation to Prosecco also paves the way for further dubious claims for other agricultural products.

⁹⁰ *US—Clove Cigarettes*, para. 181.

⁹¹ See generally Mark Davison and Ian Horak, *Shanahan’s Australian Law of Trade Marks and Passing Off* (Thomson Reuters, 6th ed, 2016) pp. 751-753.

⁹² See e.g. *Nintendo v Centronic* (1994) 181 CLR 134, 160-1.

