

FINANCIAL REVIEW

SE Companies and Markets
HD **Patent puts a plug in Penfolds sales**
BY Angus GriggAFR correspondent
WC 569 words
PD 6 August 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 16
LA English
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Shanghai Treasury **Wine** Estates' top-selling Penfolds **brand** has been removed from all InterContinental Hotels in **China**, amid fears those selling the **wine** could be liable for damages in a long-running trademark dispute.

The removal is a blow to the takeover target's **China** strategy and raises fears other large hotel chains, supermarkets and online stores may follow in suspending sales of Australia's best known **wine**.

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InterContinental, which has 214 hotels across **China**, removed Penfolds from its **wine** lists last week citing legal advice.

"I would ask you to pull your Penfolds branded wines off your menus until further notice," Tim Stanhope, the director of food and beverage operations, said in an email to managers on July 28. "We don't want to be involved in any further law actions."

The Australian Financial Review reported on July 13 that Penfolds had failed to register its **Chinese** name and was now locked in a legal battle with a notorious trademark squatter to reclaim it. Penfolds said it had won an initial court case against the man, but the ruling was being appealed and the matter ongoing.

Penfolds is up against the same squatter who won a record 33.73 **million** yuan (\$5.8 **million**) from French **wine** giant Castel, after he registered its **Chinese** name.

In a phone conversation, Mr Stanhope confirmed InterContinental had stopped selling Penfolds **wine** and said the **company** was being cautious.

An industry source estimated the InterContinental contract could be worth around 5000 cases annually to Penfolds or around 5 per cent of its total shipments to **China**.

"Do you want to take the risk of being sued or do you just find another **brand** to sell? Lets be frank, there are plenty of other brands," said the **wine** industry source.

The InterContinental decision comes amid a deteriorating **business** environment for foreign companies in **China**, who are increasingly being targeted by regulators and the state controlled media.

In recent months, United States tech firms Microsoft and Qualcomm have come under investigation for anti-competitive behaviour, while Apple and Starbucks have been singled out for heavy criticism in the media.

In this environment, many foreign **business** are being overly cautious.

In his email, Mr Stanhope said under **Chinese** law outlets which **sold** goods found to have infringed a trademark were also considered to be have broken the law. "Therefore in order to play it safe, it's better that hotels stop selling the **wine** until there is a court judgement announced," the email said.

This could be months if not years away as Treasury began legal action to reclaim its **Chinese** name, Ben Fu, in 2011.

Treasury representatives were not available for comment.

A search of **China's** trademarks office found three variations of Penfolds' **Chinese** name, which loosely translates to "chasing prosperity", have been registered. The last of these was approved in December 2013, more than two years after Treasury began legal action to reclaim the name.

The trademarks are held by Li Shen and Li Daozhi, both from the coastal city of Wenzhou and are thought to be related. Li Daozhi won the record trademark claim against Castel in August last year after registering the French giants **Chinese** name, Kasite.

He now markets his own **wine** under the Kasite **brand** in **China** in direct competition to the French **wine** maker.

CO	inhogr : InterContinental Hotels Group PLC trzwn : Treasury Wine Estates Ltd
IN	i41 : Food/Beverages/Tobacco i426 : Wine i66 : Hotels/Restaurants i665 : Lodgings i6651 : Hotels (except Casino)/Motels ialco : Alcoholic Beverages/Drinks ibevrge : Beverages/Drinks icnp : Consumer Goods ilea : Leisure/Arts/Hospitality itourm : Tourism
NS	ctmark : Trademarks c133 : Patents cgymtr : Intellectual Property ccat : Corporate/Industrial News cinprp : Industrial Property Rights (Patents/Trademarks)
RE	china : China austr : Australia apacz : Asia Pacific asiaz : Asia ausnz : Australia/Oceania bric : BRIC Countries chinaz : Greater China devgcoz : Emerging Market Countries dvpcoz : Developing Economies easiaz : Eastern Asia
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