

Fighting Faux Wine

New authentication and tracking systems could help wineries and collectors keep counterfeit bottles out of the market

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By the time Russell Frye learned he had been a victim of wine counterfeiters, it was too late. In May 2006, the Massachusetts wine collector and businessman decided to sell his 8,500-bottle collection after 10 years of meticulously selecting top Bordeaux, Burgundy and other premium wines. The Sotheby's sale of his collection took in more than \$7.8 million, the auction house's second highest total for a single cellar, but it also gave Frye a nasty shock. During a pre-auction inspection, the Sotheby's team found problems with several of his high-end bottles and refused to sell them. It was a costly lesson for Frye, who estimates the bottles in question—had they been authentic—would have sold for nearly \$3 million.

Frye could have avoided heartache if his bottles contained anti-counterfeiting measures. After years of ignoring the problem, many wineries are now rushing to explore such measures.

While it's hard to determine [the extent of wine counterfeiting](#), collectors, wineries and retailers are concerned. In April, auction house Acker, Merrill & Condit [pulled 22 lots of Burgundy](#) supposedly from Domaine Ponsot after proprietor Laurent Ponsot said he believed the bottles were fakes. In September, Italy's Ministry for Agriculture and Forestry reported that police had seized 30,000 bottles of red wine fallaciously labeled as Amarone at the port of Livorno. The wines were destined for the United States.

Counterfeiting methods are hard to detect. Techniques include refilling rare and old bottles with different wine and relabeling less expensive bottles with premium names or sought-after vintages. To combat fraud, most auction houses rely on physical inspection, verifiable provenance and past collector history, giving the greatest attention to high-ticket wines. According to John Kapon, auction director and president of Acker Merrill & Condit, counterfeiting is essentially inevitable. "All the greatest [wine] collections in the world have a few lemons," he said.

The problem has grown large enough that the FBI's art fraud squad is investigating. But collectors have [few ways to authenticate bottles](#). For centuries, most wineries made little effort to make sure their wines could not be faked. But now, concerned that customers will lose confidence and stop buying, wineries are exploring ways to make sure future bottles can be authenticated.

Several companies are developing anti-fraud prevention technology. Firms such as Prooftag, eProvenance, CertiLogo, Kodak and Applied DNA Sciences, among others, offer security systems that allow wineries to mark and track their high-end wines. Devices such as radio-frequency identification (RFID) tags, encrypted codes and invisible inks are appearing on wine bottles. Although many of these systems are still experimental, wineries have started to take an interest.

Linda Laponza, general manager at [Hartwell Estate](#) in Napa Valley, first started to worry about counterfeiting when she received numerous e-mails from "collectors" asking for copies of her winery's labels. Recently 375ml bottles of the winery's reserve Cabernet Sauvignon have started to appear on the market even though the winery never produced bottles in that size. Hartwell will now be using the Prooftag system to protect its bottles starting with the Hartwell Cabernet Sauvignon Reserve 2005.

Prooftag uses a small square of plastic gel that features a unique pattern of bubbles called a "Bubble Tag." The tag is attached to a seal that runs between a wine's capsule and its neck and features an identification code that customers can enter on the company's website. There they can check their bubble pattern against a picture of the original and retrieve additional information on the bottle.

Another system that allows consumers to check their bottle's authenticity online is CertiLogo, which Italian producer Ciacci Piccolomini d'Aragona has adopted. The system uses algorithms to produce non-sequential numeric codes, which can be placed on a bottle's label, a hologram or an RFID tag on the bottle. Ciacci Piccolomini places the code on the back label of its bottles. This code gives access to information on the CertiLogo website about the bottle, including the place of production, vintage, intended destination market and other relevant data. Interested parties can also retrieve this information by contacting CertiLogo by phone or text message.

Other anti-counterfeiting technologies require special equipment for authentication. Napa Valley wineries Colgin Cellars, Staglin Family Vineyard, Vineyard 29 and Herb Lamb Vineyards are all employing a system called Kodak Traceless. The Kodak technology is based on a proprietary chemical blend that can be mixed into ink or paper pulp and applied to a wine label or capsule. A specialized Kodak handheld scanner is used to detect the chemical.

All of these systems only authenticate a wine's origin; they do not guarantee a wine's condition. Producers lose control of their wine as soon as it leaves the winery, then it is in the hands of the distributor, négociant or courier. Producers have long been concerned about improper shipping and handling, which can damage a wine by subjecting it to temperature extremes. One anti-counterfeiting system also guards against shipping and storage damage. "We think that it is such a shame when there is no respect for the final product," said [Château Haut-Bailly](#) owner Veronique Sanders. "We are trying to see how we can be more involved in the distribution process."

Several top Bordeaux producers, including Haut-Bailly, [Château Margaux](#) and [Château Palmer](#), are currently testing eProvenance, which places an RFID tag inside each case of wine. The tag records temperatures three times a day. A separate, traceable RFID tag can be attached to the bottom or side of each bottle along with a corresponding neck seal that features a phosphorous-based code detectable with a push-button authenticator. Users registered with eProvenance can enter the code or scan the tag to access information on a bottle and to check the temperature readings on the case during transit.

The cost for wineries to employ these devices may impact prices. Many of the security firms sell their anti-fraud technology as part of a service that includes monitoring. Prices can range from pennies per bottle for services that mark the wines with codes to \$16 per bottle for Applied DNA sciences, a system that can mark each bottle in a collection with a botanical DNA segment, essentially a personalized watermark for collectors.

All of these systems are in their early stages. What remains to be seen is how available the technology will be to consumers and whether auction houses will use it. Kapon said Acker is exploring some of the new verification methods, but other auction houses are less certain of their accuracy. "Of all the techniques we have seen we haven't seen anything that looks perfect," said Jamie Ritchie, North American Wine Director for Sotheby's.

With increasing globalization of the wine market, authentication methods will also have to continue to adapt to keep up with increasingly sophisticated criminals. Counterfeiting is a moving target. But even if the systems are not 100 percent effective, the trend toward creating anti-fraud systems shows that the wine industry is ready to fight back.