



Asociación Interamericana de la Propiedad Intelectual  
Inter-American Association of Intellectual Property  
Associação Interamericana da Propriedade Intelectual

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June 5, 2011

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**BY E-MAIL**

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Attention: Tobacco Reform Section  
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Reference: Public Consultation on Tobacco Plain Packaging Bill 2011

Dear Sir,

The Inter American Association of Intellectual Property (ASIPI) would like to submit for the Australian Government consideration, our concerns regarding the "Draft Bill" open to public consultation on proposals to introduce legislation requiring plain packaging on all tobacco products.

**I. ABOUT ASIPI**

Founded in 1964 by 25 professionals in the field of industrial property, ASIPI is an organization currently composed of more than 1,000 members from 46 countries from America, Europe, Asia and Africa, whose common denominator is to practice and defend intellectual property rights.

ASIPI is a non-profit organization, which main purpose is to promote in the American countries the development and harmonization of the laws, regulations and procedures related to industrial and intellectual property, understood in their broad meaning, which relate to the industry, commerce, services, agriculture, stockbreeding and those which in the future may also be considered as industrial or



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intellectual property.

Among ASIFI's objectives are advising the governments and intergovernmental entities on the study of projects on legal dispositions related to intellectual property, as well as encouraging relationships with related entities, such as the World Intellectual Property Organization (WIPO), the Association Internationale pour la Protection de la Propriété Intellectuelle (AIPPI), the International Trademark Association (INTA), the Fédération Internationale de Conseils en Propriété Industrielle (FICPI), the American Intellectual Property Law Association (AIPLA) and the Intellectual Property Owners Association (IPO).

ASIFI is a permanent observer at meetings of the World Intellectual Property Organization (WIPO) and the Internet Corporation for Assigned Names and Numbers (ICANN).

ASIFI is recognized and respected worldwide as a driving force and advocate for intellectual property rights.

## **II. BACKGROUND**

On April, 2010, the Government of Australia announced its intention of requiring the sale of all tobacco products in generic packaging (or plain packaging). The obligation established in the draft of the Bill is that all tobacco products sold in Australia reach the final consumer in olive brown packaging or wrapping with a warning or alert for the smoker occupying 75% of the front of the pack. Likewise, it shall be required that the trademark be printed in small and standard font, occupying 25% of the front of the pack or wrapping.

The current graphic warning, which occupies 90% of the rear face of the pack or wrapping, shall not be modified.

As a consequence of these new requirements, the trademarks, designs, logos and colors on the packaging shall be prohibited.

## **III. THE TRADEMARKS IN CIGARETTES**

The way in which cigarette trademarks are presented is public and notorious. They occupy one entire face, which may be called the main one, because it is the face containing them. They are formed by distinctive elements of different kinds, among which are the words or a combination of letters and numbers, designs, drawings and, by the way, combination of colors, or a predominant color, which is combined with the colors, for example, appearing in the word sign.



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A cigarette trademark is a whole formed by different distinctive elements. It is a whole which is never used partially in the main face of the package, and is rarely separated from its headlines in advertising.

The new demands included in the draft of the Bill and indicated above, prevent the trademark from being used in its entirety. We are not facing an action which pretends to warn about the consequences of smoking. It is a clear attack to the trademark itself.

The consumer recognizes the cigarette he wants to buy with just a look at the whole. He does not stop to read the wording. A simple look will allow him to ask for it, or check if it is the one he requested.

To prohibit the use of the whole or to change the space it occupies in the package will break the mental process carried out by the consumer. It will create confusion among the public since they will not find the distinctive elements which are familiar to them.

An amendment of this nature in the arrangement of the distinctive elements will mean that millions invested in advertising of the mentioned elements will be wiped out. It is important to bear in mind that we are dealing with products that are legally sold in the market. They are not prohibited, neither their sale nor their consumption.

Ultimately, the consequence shall be the disappearance of the trademark. It is not possible to say that it may be used in a small size since in no way it will be the same. In this reduced size, they do not cause the impact for which they were conceived and used.

#### **IV. DE FACTO EXPROPRIATION AND VIOLATION OF THE TRIPS AGREEMENT**

We are facing a serious restriction since it implies as a matter of fact a prohibition of the use of a registered trademark and a de facto expropriation.

The resolution violates a higher law since it contravenes the contents of article 20 of the Agreement on Trade Related Aspects of Intellectual Property Rights, known as TRIPS. This article indicates that the use of a trademark in the course of trade may not be unjustifiably encumbered with special requirements.

The word encumber is used as an imposition. As it is established by the provision, it may be the obligation to use it with another trademark or "the use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings".

The first reflection which arises is that the provision requires a justification to encumber the use of a trademark. The provision does not refer, like happens in this case, to the assumption that



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the trademark may not be used. The fact that the affected parties use something different, like only the word part, is not using the trademark as was registered. It is possible to construe that if a justification is required for said use when there is suppression, there is no need for any justification. Simply, the use of a trademark may not be prevented.

It may be argued, however, that the TRIPS Agreement does refer to this case: that the resolution does not prevent the use and that the restriction is justified. Then it is necessary to analyze if there is a justification or which is the possible justification. Daniel Gervais, who has commented on the agreement and its gestation process, thinks that "a reasonable approach to the interpretation of "justified" would imply that the justification should be compatible with TRIPS and more generally, with the treaties administered by the World Trade Organization" ("The TRIPS Agreement: Drafting History and Analysis", London, Sweet & Maxwell, 1998, page 118).

The purpose of TRIPS is to defend the intellectual property rights against attacks from third parties and against attacks which may proceed from other provisions. This is why it establishes protection guidelines and also what member countries may or may not do. Article 20 is a clear proof of this. The TRIPS Agreement defends the integrity of the exclusive right and that the same be duly respected and defended in each country. If the authority, whichever it is, prohibits or prevents the use of the trademark, it takes away the right.

Article 8 of the TRIPS Agreement clearly indicates that the member countries may adopt measures to protect public health, "provided that such measures are consistent with the provisions of this Agreement". In other words, every reasonable measure is accepted as long as it does not mean preventing the exercise of a right or its disappearance.

#### **V. THE REASONABILITY OF PROPORTIONALITY OF THE REQUIREMENT OF THE GENERIC PACK**

Beyond what has been said, which ASIPI believes demonstrates the illegality of the resolution, it is worth considering the reasonability of the measure. After all, someone may debate about the justification thereof. The alleged purpose is to warn the smoker about the harmful health consequences smoking has, not only for the smoker but for those who are around him when he smokes. We state alleged purpose, because we see it differently, it seems that what it is been sought is the destruction of the trademark and the link it has with the consumer because this is exactly what will be obtained with the application of the measure.

This "information" which is intended for the consumer must be analyzed in a general context. It would seem as if no one knew about the risks of smoking. It is notorious and of public knowledge that the general public knows about it. Even more, it knows about it very well. The advertising which permanently appears in different media added to the advice given at all times to smokers by family and friends so they quit smoking, allows us to make that statement, and we do not believe that the contrary may be seriously sustained.



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For this, an additional information measure must have a relationship with the knowledge that the smoker already has when it comes to infringing a right. In other words, it is not necessary to destroy trademarks in order to inform what everyone already knows. There is not an extreme situation of lack of information, which justifies such enormity. Simply, there is no reasonability in the adopted measure.

Every restriction to a right must have a limit, if it is necessary to impose it, to obtain only the sought objective and not go beyond what is necessary. This is what is known as the principle of proportionality and which may also be called reasonability.

The highest court of the European Community, the Court of Justice, referred to the principle of proportionality in a case which precisely dealt with the legality of imposing and prohibiting certain captions on cigarette packs. It was in case C 491/01, with sentence dated 10/12/2002, which was issued since several tobacco companies disputed a directive passed by the European Commission. On one hand, the directive prohibited the use of certain words and on the other, required the inclusion of mandatory captions warning about the consequence of smoking. It must be pointed out that the sentence indicated that the case dealt with impositions to place captions "in a proportion which leaves enough space to the manufacturers of these products to be able to include other material, in particular relative to their trademarks." This does not happen in the case subject of study where there is no space for the trademark to be applied.

In the above mentioned case, Article 20 of the TRIPS Agreement was also dealt with. The sentence established that "using the space on some sides of the cigarette packs or pack units of tobacco products without harming the substance of their trademark rights." does not violate the principle of proportionality or Article 20 of the TRIPS Agreement. Note that these are captions on some of the sides and the purpose is not to undermine the substance of the trademark law. Ergo, when the substance of the trademark law is affected, as is done by the mentioned resolution, article 20 is applicable.

## **VI. CONCLUSION**

The new dispositions or requirements provided by the draft of the Bill announced by the Government of Australia affect the property right granted to a registered trademark. The obligation imposed by the same means the prohibition of the use of the trademark as it was registered and, therefore, article 20 of the TRIPS Agreement is applicable. Also, in relation to the knowledge that the public in general, if not all of it, has in relation to the consequences of smoking, the imposition is not reasonable. Thus, this leads to conclude that such an imposition is not reasonable since the objective of informing about the risks of smoking does not require the elimination of the trademark. Such information may be successfully transmitted without the need to eliminate the property right. Taking this to another scenario, one thing is to correct an



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abuse of rights and a very different one is, with the excuse to correct it, to eliminate said right. This happens with the mentioned resolution. In order to justify the information, which is already transmitted in several mass media and which may continue to be transmitted effectively in the same cigarette packs, the trademark right is eliminated.

ASIFI appreciates the opportunity to express its views on the draft of the Australian Tobacco Plain Packaging Bill.

Truly yours,



ASIFI

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Minister for Trade

Senator the Hon Kim Carr  
Minister for Innovation, Industry, Science and Research

The Hon Robert McClelland MP  
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