

**INTERNATIONAL TRADEMARK ASSOCIATION**

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**BRIEF of *AMICUS CURIAE***

**SUBMITTED TO THE DISPUTE SETTLEMENT PANEL**

**OF THE**

**WORLD TRADE ORGANIZATION**

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**IN CASES DS434, DS435, DS441, DS458 & DS467**

**OF**

**AUSTRALIA — MEASURES CONCERNING TRADEMARKS AND OTHER PLAIN  
PACKAGING REQUIREMENTS APPLICABLE TO TOBACCO PRODUCTS AND  
PACKAGING**

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## 1. Introduction of the *Amicus Curiae*

The International Trademark Association (INTA) is located at 655 Third Avenue, 10<sup>th</sup> Floor, New York, NY 10017 USA, with offices in the European Union and China, and representatives in Switzerland and India. INTA was founded in 1878 and is a not-for-profit membership association of more than 6800 trademark owners and professionals from more than 190 countries. For some 127 years, INTA has been dedicated to the support and advancement of trademarks and related intellectual property rights as essential elements of commerce. An important objective of INTA is to protect the interest of the public and trademark owners in the proper use of trademarks. In this regard, INTA strives to advance the development of trademark and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding deception and confusion.

INTA has acted several times in the capacity of *amicus curiae* before the European Court of Justice (ECJ), and in the United States of America and several other jurisdictions. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979 and actively participates in all trademark-related WIPO proposals. INTA has consequently contributed to WIPO trademark initiatives such as the Trademark Law Treaty. INTA also is active in other international arenas including the Asia-Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asian Nations (ASEAN), the European Union and the

is a balanced and reliable representative body.

## 2. Interest and Objective of *Amicus Curiae*

INTA has a particular interest in this dispute settlement case as it has a significant impact

character brings a

Packaging Act 2011 (TPPA) and its impact on trade mark rights.

tobacco products is the subject matter of this Dispute Settlement procedure of the WTO. Cases have been brought by the governments of Ukraine (DS434), Honduras (DS435), the Dominican Republic (DS441), Cuba (DS458) and Indonesia (DS467)

measures by asserting, *inter alia*, that the TPPA presents harm to trademark rights and violates the

provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention for Protection of Industrial Property (Paris Convention). Several measures.

Many trademark owners, including numerous members of INTA, have secured registration of their trademarks in Australia. A number of those trademark owners have made significant investments in Australia to promote their brands and to prevent unauthorized and unregulated sales of their products and counterfeits thereof. These trademark owners shall be directly impacted by the adjudication of the .

body for trademark owners, INTA seeks to provide a perspective so as to effectively assist and contribute to the advancement of law in the interest of consumers and trademark owners in a global economy.

For several years, INTA has objected to plain packaging requirements through submissions in several jurisdictions where the issue was being considered, including Australia. The restrictions imposed by TPPA on the use of trademarks and trade dress by the trademark owners impair the ability of the consumers to distinguish between brands and create the likelihood of confusion. Furthermore, these restrictions act as encumbrances which effectively require tobacco manufacturers to cease using most of the trademarks that they have legally registered in Australia. INTA submits that these plain packaging measures erode internationally protected IP rights under Paris Convention, TRIPS, the General Agreement on Tariffs and Trade 1994 (GATT) and the Agreement on Technical Barriers to Trade (TBT Agreement).

### **3. The Case**

#### **A. *Background***

Australia has enacted the TPPA, effective December 1, 2012, to discourage the use of tobacco products. The TPPA prohibits the use of all trademarks other than standard character word marks (e.g., brand imagery such as logos, colors, etc.) on tobacco products and their packaging. Its implementing regulations further provide detailed requirements for package and brand color that also undermines brand differentiation.

The TPPA and its implementing regulations requires the following:

1. The packaging of tobacco products



2. Each inner surface of a cigarette pack or cigarette carton must be white.

3. The trademark, business name and company name or variant name be displayed only in a standardized form on cigarette packs and cigarette cartons.

4. The typeface must be printed in Lucida Sans as shown below:

## Tobacco

5. The font can be no larger than 14 points in size and for a variant name the font can be no larger than 10 points in size, occupying only 25% of the front of the pack or wrapping.

6. The first letter in each word of the trademark, business or company name must be capitalized, with no other upper case letters in a normal weighted regular font, and shall be written in color known as Pantone Cool Gray 2C as depicted below:



7. Large health warnings depicting diseased parts of the human body must be embossed on packaging. The below images depict how the tobacco packaging must look under the TPPA:



#### **B. *Challenges before the World Trade Organization***

On March 13, 2012, the Government of Ukraine launched a WTO challenge (Case DS434) TBT Agreement.

On April 4, 2012, the Government of Honduras launched a separate WTO challenge (Case DS435)

legal argument set forth by Honduras is similar to that of Ukraine, alleging similar violations of several WTO provisions. Among others, Indonesia, the Philippines, Zimbabwe, El Salvador, Nicaragua and Guatemala requested to participate in these consultations.

On July 18, 2012, the Dominican Republic requested consultations (Case DS441) with Australia over its plain packaging measure making similar allegations of violations of TRIPS, the TBT Agreement and GATT. Brazil, Canada, El Salvador, the European Union, Guatemala, Honduras, New Zealand, Nicaragua, Norway, South Africa, Ukraine and Uruguay requested to join the consultations. Consultations were scheduled to be held in September 2012.

On August 14, 2012, Ukraine (Case DS434) moved to request the establishment of a panel

request for consultations.

On September 25

to examine the matter in Case DS434 initiated by Ukraine.

Several Members have reserved their third party rights to join in the dispute: Argentina, Brazil, Canada, Dominican Republic, Ecuador, the European Union, Guatemala, Honduras, India, Japan, Korea, Indonesia, New Zealand, Nicaragua, Norway, Oman, Philippines, Chinese Taipei, Turkey, Singapore, United States of America, Uruguay, Zambia, and Zimbabwe. Subsequently, Chile, China, Cuba, Egypt, Nigeria, Malaysia, Malawi, Mexico, Moldova, Peru, and Thailand also reserved their third party rights.

Honduras (on November 9, 2012) and the Dominican Republic (on October 15, 2012) also requested the establishment of a panel. Their requests were granted September 25, 2013 and April 24, 2014, respectively.

The arguments made by these WTO Members revolve around, *inter alia*, Articles 2.1, 15.4, 16.1, 16.3 and 20 of TRIPS and, by application of Article 2.1 of TRIPS, Article 6*quinquies*, 7 and 10*bis* of the Paris Convention. The argument also has been made that Australia is an unnecessary obstacle to trade in violation of Article 2.2. of the TBT Agreement.

#### **4. Submissions by the *Amicus Curiae***

##### **A. *Key Principles***

TRIPS clearly defines

Thus any interference by WTO Members with intellectual property rights, including especially established trademark rights, must be viewed with great scepticism as a potential unlawful deprivation of private property or, at best, a prohibited intrusion on the ability of trademark owners to protect their marks from infringement and dilution. Any burdens placed by WTO Members on those property rights must thus be based upon a compelling state interest (see e.g. TRIPS Article 8) that supersedes the value of the established property right and is both proportional to the alleged harm which exploitation of the intellectual property right may cause and quantifiably no more restrictive on trade than is necessary to fulfil a legitimate objective (see Article 2.2., TBT

the standards set by TRIPS and the TBT Agreement for the reasons set forth herein.

**B. Contravention of the Paris Convention for the Protection of Industrial Property**

INTA submits that the TPPA does not fulfil the requirements of the Paris Convention, as incorporated into TRIPS by operation of TRIPS Article 2.1, and is in contravention of the following provisions:

**B1: Article 6quinquies**

Article 6quinquies of the Paris Convention obligates Australia to allow for filing and

6quinquies is reproduced as below:

*Article 6quinquies. Marks: Protection of Marks Registered in One Country of the Union in the Other Countries of the Union*

*A.(1) Every trademark duly registered in the country of origin shall be accepted for filing and **protected as is** in the other countries of the Union, subject to the reservations indicated in this Article. Such countries may, before proceeding to final registration, require the production of a certificate of registration in the country of origin, issued by the competent authority. No authentication shall be required for this certificate.*

The key ingredients of Article 6quinquies paragraph A.(1) are:

- trademark which is duly registered;
- in the country of origin;
- **protected as is”** in other member countries; and
- subject to the reservations indicated in the article.



The TPPA and its implementing regulations require that:

a)

Pantone 448C;

b) each inner surface of a cigarette pack or cigarette carton must be white; and

c) the trademark, business name and company name or variant name be displayed only in a standardized form on cigarette packs and cigarette cartons, namely:

- the typeface must be printed in Lucida Sans;
- the font can be no larger than 14 points in size and for a variant name the font can be no larger than 10 points in size, occupying only 25% of the front of the pack or wrapping;
- the first letter in each word of the trademark, business or company name must be capitalized, with no other upper case letters in a normal weighted regular font; and
- shall be written in color known as Pantone Cool Gray 2C.

A simple comparative reading of the provisions of TPAA and Article 6*quinquies* clearly shows that TPPA provisions do not allow the trademarks to be registered, used and protected in

Article 6*quinquies* of the Paris Convention.

## **B2: Article 7**

Article 7 of the Paris Convention is reproduced as below:

*Article 7. Marks: Nature of the Goods to which the mark is applied. The nature of the goods to which a trademark is to be applied shall in no case form an obstacle to the registration of the mark.*

Section 28 of the TPPA is reproduced as below:

*28. Effect on the Trade Marks Act 1995 of non-use of trade mark as a result of this Act*

*(1) For the ng IN*



### **B3: Article 10bis**

Article 10bis of the Paris Convention requires Australia to provide protection against unfair competition to nationals of other countries. Article 10bis is reproduced as below:

*modeling*

*(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.*

*(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.*

*(3) The following in particular shall be prohibited:*

*(a) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;*

*(b) [intentionally left blank]*

*(c) 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.*

Article 10bis (1) lays down a general principle for contracting parties to follow for providing effective protection against unfair competition. Article 10bis (2) explains the meaning of unfair competition. Article 10bis (3) provides examples of acts which constitute unfair competition and imposes an obligation on each contracting party to prohibit these acts without exception. 10bis (3) is illustrative and non-exhaustive in nature.

By enacting TPPA, Australia has not only failed to provide effective protection to the trademark holders against unfair competition but has also jeopardized consumer interests by increasing the likelihood of confusion with respect to the origin/source of the tobacco and other related products and by allowing for indications which may mislead the public about the characteristics (quality, obligation under this provision.

## **C. Contravention of the Agreement on Trade-Related Aspects of Intellectual Property Rights**

### **C1: Article 2**

Article 2 of TRIPS is reproduced as below:

#### *Article 2: Intellectual Property Conventions*

- 1. In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).*
- 2. Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.*

Article 2 of TRIPS requires that effective protection be provided to trademark owners and that the provisions under TRIPS shall not derogate from existing obligations that WTO Members have under the Paris Convention.

As highlighted above, TPAA is in contravention of various provisions of the Paris Convention. Thus, TPAA contravenes Article 2 of TRIPS.

### **C2: Article 15.4**

Article 15.4 of TRIPS is equivalent to Article 7 of the Paris Convention and the submissions are same as that for Article 7 of Paris Convention, namely that TPAA acts as an obstacle due to the nature of the goods, i.e. tobacco, which remains a lawful product available for sale in Australia.



plain packaging measures found in the TPPA are both proportional to the alleged harm which exploitation of the intellectual property right may cause and no more restrictive on trade than is necessary to fulfil a legitimate government interest. Otherwise the TPPA effectively destroys established private property and other rights in trademarks in violation of Article 20 of TRIPS. To meet this standard, the WTO Member imposing the encumbrance on trademark rights must do more than provide conjecture, anecdotal information, speculation or unquantifiable good

burden under this standard and therefore the TPPA is in contravention of TRIPS Article 20.

The special requirements contained in the TPPA are also unjustifiable in the sense envisaged by the TRIPS Agreement because the effect of the requirements is detrimental to the ability to distinguish goods in the course of trade. Not only will generic packaging reduce and/or remove the distinctiveness of tobacco trademarks, but it also will reduce and/or remove the benefits of distinctiveness and information afforded to consumers by distinctive marks. A fundamental tenet of trademark law worldwide is that consumers are able to distinguish between goods and identify the origins of goods by the trademark. For these reasons, the special requirements proposed do not have the necessary level of justification.

#### ***C4: Article 8.1 v Article 15.4, Article 20 and Other TRIPS Provisions***

Article 8 of TRIPS lays down the principles and guidelines for effective implementation of the objectives of TRIPS. In this respect, Article 8.1 serves to balance the domestic duties of WTO Members with their international obligations by allowing WTO Members to take measures necessary for protection of public health, provided they are consistent with the provisions of TRIPS.

The Article 8.1 of TRIPS is reproduced as below:

*Article 8.1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.*

On a simple reading of Article 8.1 of TRIPS, it is clear that the public health exception given to WTO Members does not outweigh the compliance requirements under other provisions of TRIPS. The public health exception created under TPPA is inconsistent with Article 15.4(as discussed earlier) and Article 20.

TPPA is a prime example of a problem/solution mismatch. Solving an apparent health-related issue by imposing restrictions on the internationally protected trademark and related intellectual property rights is an ill-conceived measure and will be counterproductive to the interests of the very consuming public who are supposed to benefit from this measure. Clearly, public health is not protected merely by preventing the use of a registered trademark and the



It is not the purpose of this Brief to debate whether smoking is or is not harmful, but merely treaty obligations. Accordingly, as there is an unjustified encumbrance (thereby in breach of Article 20) the measures are inconsistent with the provisions of TRIPs and thereby in breach of Article 8.1.

### **C5. Article 17 of TRIPS**

Article 17 of the TRIPS permits the WTO Members to limit the exclusive rights of the portion of the Article is as follow:

*Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.*

In order to analyse whether the TPPA is in compliance with Article 17, the following two requirements of the Article should be complied with:

- (i) The exception should be limited.
- (ii) The exception should consider the legitimate interest of the trademark owner.

The TPPA trademark rights under the TRIPS as the restriction under the TPPA laws in a way nullifies the rights of a trademark owner.

Further the TPPA does not take in to account the legitimate interest of the trademark owners. Every trademark owner has a legitimate interest in maintaining the distinctive character of, or capacity to distinguish, its trademark so that it can perform the function of a trademark by indicating the trade origin. The legitimate interest also includes the trade mark owner's interest in the economic value of its mark arising from the reputation that it enjoys and the quality that it denotes.

Therefore TPPA violates Article 17 of TRIPS, as it does not qualify as reasonable restrictions on the use of a trademark nor does it take into account the legitimate interest of the right holder.

#### **C6. Article 26 of TRIPS**

In addition to the trademarks rights, the TPPA also affects the design rights in the cartons/packets of cigarettes. The TPPA is therefore in violation of Article 26 of TRIPS reproduced as below:

*A. Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.*

The TPPA imposes restriction on the shape of the cartons of cigarettes package. The TPPA act provides every cigarette carton to be of specific shape and size i.e. cuboid shape. This restriction on the shapes of cigarette packets will restrict the exploitation of design rights protecting novel designs for cigarette packets. Thus, this provision would equally be violated by the requirement to only use cuboid packets, which has no proven effect at all.

#### **D. General Agreement on Tariffs and Trade 1994 and the Agreement on Technical Barriers to Trade**

GATT and the TBT Agreement require WTO Members to provide equal opportunities of trade to nationals of all other WTO Members without any discrimination in favor of a particular WTO Member(s).

The TBT Agreement lays down the following as the governing principles for the WTO Members:

*Desiring to further the objectives of GATT 1994;*

*o o k technical regulations and standards, including packaging, marking and labeling requirements, and procedures for assessment of conformity with technical regulations and standards do not create unnecessary obstacles to international trade*

*om q q k m n l o o o on p k q ok o om k ensure the quality of its exports, or for the protection of human, animal or plant life or health, of the environment, or for the prevention of deceptive practices, at the levels it considers appropriate, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on international trade, and are otherwise in accordance with the provisions of this Agreement*

As submitted previously, the standardized packaging measures introduced through the TPPA and its regulations act as unjustified encumbrances and are in contravention of various provisions of the TRIPS and the Paris Convention. These technical regulations and standards constitute unjustified technical barriers to trade and are in contravention of the spirit, objectives and goals of the TBT Agreement.

It is important to highlight that free and fair trade is the lifeline of the modern day world. The TPPA along with its regulations is an obstacle to the smooth flow of trade across borders and is also stacked against the already established traders enjoying public confidence. Implementation of such a measure is contrary to freedom and fairness and thereby, in contravention of GATT and the TBT Agreement.

## **E. Further Submissions**

### ***E1. Effect on Trademark Owners***

The affected tobacco manufacturers are owners of some of the most renowned international tobacco brands and trademarks, and who have duly obtained registration for their trademarks under the Australian trademarks law. By continuous, consistent and extensive use of these marks over a significant period of time in relation to tobacco and other related products, the brands have earned significant reputation and goodwill among the public in Australia and abroad. Most of these trademarks are well known to the public symbolizing quality, credibility and reliability.

It is submitted that trademark owners have invested large sums of money in promotion, development, packaging and protection of brands. Being so it is unfair to require trademark owners to conform to a standardized packaging regime which not only imposes an unreasonable restriction on the use of their trademarks, but also in the case of non-word marks (color, label, logo) prohibits them altogether from using their registered trademarks.

TPPA takes away the distinguishing capability of well-known trademarks and brings these marks at par with others which may not be equally well known to the general public. This measure clearly leads to the dilution of the well-known marks and can cause serious economic damage to these trademark owners. By imposing this handicap on the established trademark owners, the TPPA violates the basic principles of free and fair trade. Additionally, in the absence of protection from unfair competition, the affected trademark owners are discouraged from making further investments in advancement of their brand.

### ***E2. Effect on Consumers***

A trademark consumers have come to expect and trust. With the implementation of the TPPA, consumers stand to be subjected to confusion with respect to the origin/source of the tobacco and other related products thereby missing out on:

- The reassurance of reliability, quality and satisfaction from the branded product;
- The confidence that the branded product is the same as that purchased previously and is equally suitable for their needs; and
- The convenience associated with easy availability of the desired brand.

Additionally, due to the standardized display of all the marks used in trade, consumers may be misled into buying a product which does not live up to the standards of trust and quality which they have come to expect from the well-known trademarked products which they usually purchase.

### **E3. Decrease in Price and Product Quality**

From an economic perspective, removing branding (including trade dress/get-up) from cigarette packaging may result in consumers having to differentiate rival products by price, which may drive prices and product quality down.

, it could lead to an increase in new smokers, in particular among young people, as product prices are driven down.

In a 2009 report about the pharmaceutical sector, the European Commission found that new market entrants supplying generic products typically price them 25% lower than the branded equivalent and this reduction in price leads to higher consumption.

Similarly, applying this line of reasoning to the tobacco industry would mean that a decrease in the price of tobacco products (brought about by removal of trade dress/packaging which results in product differentiation based on price) may lead to an increase in consumption of tobacco products. Tobacco products would be more affordable for consumers and may even result in more people picking up smoking at a younger age.

### **E4. Increase in Counterfeit and Illegal Tobacco Products**

Removing branding (including trade dress/get-up) would mean removing the link between the trademark and the product. This will decrease the barrier between genuine and counterfeit goods, which may result in a subsequent increase in the risk to consumers from counterfeit and illegal tobacco products.

In addition to the likely violations of domestic and international law precipitated by plain packaging measures, governments are experiencing losses in revenue due to illicit trade (both counterfeiting and sales of untaxed diverted goods) as a direct result of laws and regulations requiring plain and highly standardized packages. To this point, recent media reports from Australia have indicated that counterfeiting of plain cigarette packages, albeit at low levels, has

been detected, tending to indicate that counterfeiters have realized that imitating plain packaging trade dress is far easier than attempting to reproduce the trademarks, logos and other brand imagery of trademark owners.

## **5. Conclusion**

It is thus the conclusion of INTA that Australian TPPA is in contravention of the various provisions of Paris Convention, TRIPS, GATT and the TBT Agreement. From an IPR perspective, plain packaging requirements would target tobacco products specifically and affect trademarks related to these products; be equivalent to an invalidation of trademarks; lead to an almost complete loss of distinctiveness (i.e. prevent the use of the trademarks with the exception of the trade name only in a mandated font and size); and substantially affect trademark values to the detriment of trademark owners.

INTA urges the WTO Dispute Settlement Panel to seriously consider the highly negative effects that TPPA will have, not just within the tobacco industry, but potentially across all sectors of consumer goods.

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