



MARQUES Ltd
840 Melton Road
Thurmaston
Leicester LE4 8BN
United Kingdom

User name MARQU805644129

Register ID number 97131823590-44

MARQUES' submissions to the Public Consultation on the possible revision of the Tobacco Products Directive 2001/37/EC

MARQUES, the European Association of Trade Mark Owners, was founded in 1987 and is incorporated in the United Kingdom as a not for profit company limited by guarantee. It has no shareholders, issues no dividends and its directors are expressly prohibited from being paid for their services.

MARQUES represents the interests of trade mark owners worldwide in the protection and utilization of trademarks as essential elements of commerce. Its current membership of trade mark owners and trade mark and design law practitioners representing trade mark owners is in excess of 750 members in 84 countries. Membership crosses all industry lines. The trade mark owners represented in the Association together own more than two million trademarks which are relied upon by consumers as signposts of genuine goods and services.

An important objective of **MARQUES** is to safeguard the interests of the public by ensuring the proper protection of trademarks and to safeguard the interests of trade mark proprietors with regard to the regime of trade mark protection. **MARQUES** attempts to achieve this objective by advancing the cause of trade mark laws which protect the public from deception and confusion. In this sense, **MARQUES** is dedicated to providing a platform for the representation of the interests of brand owners within a global economy, including the selection, management, protection and exploitation of their trade marks. Intellectual property ("IP") rights are a crucial aspect of the global economy and trademarks play a significant role in free trade and competition.

MARQUES is an accredited association before OHIM and an official non-governmental observer to the World Intellectual Property Organization (WIPO).

Therefore, **MARQUES** falls within the Commission's definition of stakeholder for this consultation, being a business association of IP right holders, i.e. an interest representative.

The European Commission via the DG SANCO, recently launched the Public Consultation on the revision of the Tobacco Products Directive 2001/37/EC which includes possible policy options for the future. DG SANCO is not yet at the stage of issuing a final proposal.

MARQUES is particularly very concerned about a proposed legislation to introduce “generic” or “plain packaging” for tobacco products, which is directed to the removal of brands, trademarks and logos from the product’s packaging, re.: Point 3. Consumer Information, para 3.1. and 3.2. of the Public Consultation Document.

The introduction of plain packaging legislation effectively deprives one industry sector of their intellectual property rights and sets a dangerous legislative precedent for other industries. Thus, such plain packaging legislation directly impacts the interests and rights of trade mark owners across the EU. It also undermines the intellectual property protection system as a whole by dismantling the value of trademarks used by companies that operate in the European Union.

IP rights are a cornerstone of economic activity providing significant value to their owners and wider wholesale and retail economy. This economic impact necessitates the dire need for IP rights to be effectively protected at both the domestic and international levels.

MARQUES unites Europe’s and international global brand owners community across all product sectors to address issues associated with use, protection and value of intellectual property rights as these are vital to boost Europe’s innovation, growth, creating jobs, and ultimately enhance the internal market.

Accordingly, MARQUES submits the following comments.

While **MARQUES** supports measures to achieve public health objectives, the considered policy option would be inconsistent with the EU legal framework and International intellectual property treaties and obligations, particularly with respect to the protection of trademarks.

Considering the likely spill-over or domino effect on other products and industries, these proposed policy options are of direct concern to **MARQUES**, as an interest representative association the membership of which crosses all industry lines. As a matter of fact, it is reasonable to expect that the adoption of the proposed “plain packaging” policy option would in turn seriously affect other industry sectors, especially those, such as alcohol, food, confectionary, beverage, cosmetics and automotive, which, like the tobacco industry, are subject to specific mandatory constraints.

1. Importance of Trademarks

Trademarks and trade dress play an integral role in facilitating consumer choice by distinguishing products from one enterprise which consumers know and trust from those of another unknown origin.

MARQUES supports the need for consumers to be fully informed about all products and services that are lawfully sold in the market. The European Court of Justice (now The Court of Justice of the European Communities, also simply referred to as The Court) has ruled that consumers have a protected right to see trademarks and that laws may not eliminate the essential function of trademarks which is to guarantee to the consumer the identity of the trademarked

products' origin by enabling the consumer to distinguish it without any risk of confusion (Frits Loendersloot v George Ballantine & Son, Case C-349/95, Judgment of the European Court of Justice, 11 November 1997, para. 24).

Trademarks also indicate the source of goods and services to assure consumers of the quality of the products that they purchase or consider purchasing. This fundamental function cannot be fulfilled if trademarks and other brand elements are not noticeable, or even available, to consumers when selecting a product. This inability to recognize a brand or trademark on a product will lead to consumer confusion, and therefore diminish the goodwill acquired in a trademark and their associated products through investment and effort over time.

2. Violation of International Treaty obligations, EU and national legislation

In particular, the proposed restrictions are contrary to the harmonized EU and international systems of trade mark protection since the restrictions would be based on the nature of the goods and services for which trademarks are registered. Those international protection systems include Articles 15(4), 20 and 8(1) of the World Trade Organization's agreement on Trade Related Aspects of Intellectual Property Matters ('TRIPS') and Articles 6 *quinquies* and 7 of the Paris Convention.

The proposed legislative restrictions conflict with Article 20 of TRIPS, which the EU has accepted and joined as a member, stating that *"the use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, 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..."*. **Article 15(4)** moreover states that *"The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark."* **And Article 8.1 - Principles** *"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."*

Plain packaging would be in clear breach of WTO members' international obligation to protect intellectual property rights. Such an excessive proposed legislation by the European Commission would also contradict the constitutions and other internal legislation of the EU member states with respect to their international IP commitments. The EU member states that adopt plain packaging will breach their international obligations, and would therefore expose themselves to dispute settlement proceedings initiated by other members within the framework of the WTO.

Initiatives requiring plain packaging of products amount to an indirect legislative expropriation of private intellectual property by governing bodies. Indeed, brand owners would be legislatively precluded from legitimate use of their trademarks which would, as a consequence, lead to the extinction of their property rights, i.e. expropriation. This is contrary to Article 1 of the First Protocol to the European Convention on Human Rights. The European Court of Human Rights (Grand Chamber) in *Anheuser-Busch v Portugal* ([2007] ETMR 24) has indeed held that Article 1 of the First Protocol applies to intellectual property, including trademarks, and that an application for registration of a trademark (and thus, the registration itself) is a substantive interest protected by the aforesaid Article, as giving rise to rights of a proprietary

nature. Therefore issues arise as to a just compensation for that expropriation of trademark owners, as they would in the case of legislated plain packaging.

3. Illicit trade

MARQUES also believes that legislated plain packaging will lead to commoditizing the market, as well as increase the risk of counterfeit and illegal tobacco products. Of all counterfeit products seized by the Customs in the European Union, cigarettes already are the largest in quantity (European Commission, Taxation and Customs Union, Report on EU Customs Enforcement of Intellectual Property Rights – Results at the EU border 2009, pages 2 and 9). Forced plain packaging will increase the incidence of counterfeit tobacco products since counterfeit packaging will be exceedingly simple to reproduce. The manufacturers and importers of counterfeit tobacco products will thrive in such a climate all to the detriment of legitimate businesses in the EU and elsewhere.

Plain packaging is also likely to increase rather than decrease burdens on already overstretched public agencies working to enforce intellectual property protections, as well as health protections, in the face of escalating counterfeiting and piracy throughout the EU and worldwide.

Conclusion

MARQUES is very concerned with the implications and direct impact that plain packaging will bring about. In addition, **MARQUES** is highly involved and making great efforts to maintain a principled, balanced and coherently articulated system of national and international treaties, laws and regulations, particularly in regards to trademarks and related intellectual property rights.

As such, **MARQUES** opposes the plain packaging provision outlined in the Public Consultation Document based on the reasons set forth above.

MARQUES respectfully requests that the EU Commission consider alternative policy options that can achieve important public health initiatives without undermining the intellectual property rights of its members and international treaties. **MARQUES** also respectfully urges the Commission to reject the proposed policy option based on the highly negative effects on consumers, trademark owners in the currently targeted industry and the negative precedent that will affect all sectors of consumer goods.

Respectfully submitted

7th December 2010



Guido Baumgartner
Chair of **MARQUES** Council



Lee Grosskreuz Hechtel
Chair of **MARQUES** Regulatory Team