



MARQUES' submissions to Australia's Public Consultation on Plain Packaging of Tobacco Products

These comments are respectfully submitted by **MARQUES**, the Association of European Trade Mark Owners, in connection with the Australian Government's Public Consultation on the Tobacco Plain Packaging Bill 2011, which would remove brands, trademarks and logos from the products' packaging.

MARQUES is a not for profit business Association of IP right holders and IP practitioners, by mission representing 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.

MARQUES has already expressed its opposition to the implementation of plain packaging in the EU in the context of the Public Consultation launched by the European Commission via the DG SANCO, on the revision of the Tobacco Products Directive 2001/37/EC, which would include possible policy options for the future. **MARQUES** particularly raised very serious concerns 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. **MARQUES** being a registered interest representative association at the European Commission, its submissions in response to the European Commission's consultation may be communicated to the public.

MARQUES thus opposes the Australian Government's legislative proposal on plain packaging, as the introduction of plain packaging legislation effectively deprives one industry sector of their intellectual property rights and undermines the intellectual property protection system as a whole by dismantling the value of trademarks used by companies that operate in Australia.

MARQUES supports measures to achieve public health objectives provided they are consistent with the applicable legal framework. This is not the case with plain packaging, which would be in fact inconsistent with the essential principles of trademark and intellectual property right protection, as laid down and harmonized in both national laws and International treaties and obligations. Moreover, **MARQUES** is also concerned that it would also set a dangerous legislative precedent for other regulated industries and adversely impact on illicit trade.

Breach of the obligation to protect intellectual property rights as laid down in the World Trade Organization's agreement on Trade Related Aspects of Intellectual Property Matters ('TRIPS')

Since the restrictions would be based on the nature of the goods and services for which trademarks are registered, the proposed plain packaging legislation would be contrary to those international systems of trademark protection, which include, *inter alia*, Articles 15(4), 17, 20 and 8(1) of the World Trade Organization's agreement on Trade Related Aspects of Intellectual Property Matters ('TRIPS').

Plain packaging in fact conflicts with **Article 20 of TRIPS**, of which Australia is a party, and which states 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...*” In turn, **Article 15 (4) of TRIPS** provides 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.*”

Moreover, by fully prohibiting the use of some marks and by mandating the form of use of others, plain packaging cannot be considered a “limited” exception under **Article 17 of TRIPS**, since it does not take account of the legitimate interests of either trademark owners or of third parties. Particularly, the consumers’ right to identify the source of a product for potential purchase via the branding of that product is not only affected but, in fact, voided.

That interpretation contending that **Article 8 (1) of TRIPS** exempts public health measures from a Member State’s obligations under TRIPS, does not likewise prove correct: Article 8 states that “*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.*” Accordingly, such provision allows measures which are “*necessary to protect public health*” but provided that such measures are consistent with the provisions of TRIPS.

Under these circumstances, it is evident that plain packaging is inconsistent with several provisions of the TRIPS Agreement, thus it would be in clear breach of WTO members’ international obligation to protect intellectual property rights. Besides that, there is no evidence showing that the proposed measures would reduce the incidence of new smokers or impact on consumption patterns. In this sense, plain packaging would merely 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.

Spill-over to other regulated industries

As an association representing brand owners across all lines of industry, **MARQUES** is also seriously concerned about the likely spill-over or domino effect that any plain packaging legislation on tobacco products may have on other industry sectors and products. As a matter of fact, it is reasonable to expect that the adoption of plain packaging would constitute a precedent for other industry sectors, such as, amongst others, the alcohol, food, confectionary, cosmetics, automotive and mobile phone sectors, which –like the tobacco industry - are subject to increasing regulatory constraints.

Illicit trade

MARQUES also believes that removing brand elements will lead to commoditizing the market, as well as increase the risk of counterfeit and illegal tobacco products.

Forced plain packaging will increase the incidence of counterfeit tobacco products, since plain 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.

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 worldwide.

In this connection, it is remarked that EUROPOL forecasts that the illicit cigarette trade in the EU is likely to increase in the coming years, negatively impacting on tax revenues, the legitimate trade and tobacco control efforts: *"The economic impact of cigarette smuggling is significant: it represents a substantial loss to national and EU budgets, estimated at around **10 billion euros per year**, and damages the interests of legitimate manufacturers and retailers. Cheaper and smuggled products also constitute a marked threat to EU efforts on tobacco control, and by extension the objective of reducing consumption."*¹

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 with respect to trademarks and related intellectual property rights.

¹ EU Organised Crime Threat Assessment (Octa) 2011

(http://www.europol.europa.eu/publications/European_Organised_Crime_Threat_Assessment_%28OCTA%29/OCTA_2011.pdf)

Accordingly, **MARQUES** opposes the Australian Government's legislative proposal on plain packaging based on the reasons set forth above.

MARQUES respectfully requests that the Australian Government consider alternative legislative and policy options that can achieve important public health initiatives without undermining the intellectual property right protection system as a whole by dismantling the value of trademarks used by companies that operate in Australia.

Respectfully submitted

3rd June, 2011



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More about **MARQUES**

MARQUES, the Association of European 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.

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.

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** 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.

MARQUES is an accredited organization before the OHIM, an appointed observer to the OHIM Administrative Board and Budget Committee, an official non-governmental observer at WIPO and a registered interest representative association at the European Commission.

Official website: www.marques.org