

XIX EIPIN CONGRESS – European Parliament, Strasbourg

Logo? No Logo?
The TRIPS Plain Packaging Case, and Beyond

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commercial marketing v social marketing



Australia's move

- Smoking kills **15,000** Australians a year and costs the community about **\$31.5 billion annually**
- Aim: to get the Australian smoking rate **down to 10%**
- WTO challenge - informal leaks report **Australia has won**
- Big Tobacco hasn't denied leaks



WTO case

- 1st time developing countries complain about IP violation
- lengthy process
 - number of complainants
 - number of 3rd parties that wanted to be involved
 - number of **TRIPS** / **PARIS** provisions (as well as another WTO treaty: **TBT**)
 - relevance of UN-sponsored **FCTC** and **Doha Declaration**
 - some procedural issues
- likely **several hundreds of pages** report – to be translated into **French** and **Spanish** as well

WTO case



trademark rights – Artt. 16 and 20 TRIPS



nature of trademark rights

- WTO Panel in *EC – Trademarks and Geographical Indications* (2005)
- TRIPS '**does not** generally provide for the grant of **positive rights** to exploit or use certain subject matter, but rather provides for the grant of **negative rights** to prevent certain acts
- there is no such right **exactly to allow govts to regulate use of IP for public policy purposes**
- *A contrario*: 'positive right' interpretation would probably call into question compatibility with TRIPS of other tobacco control measures affecting brands, eg advertising bans

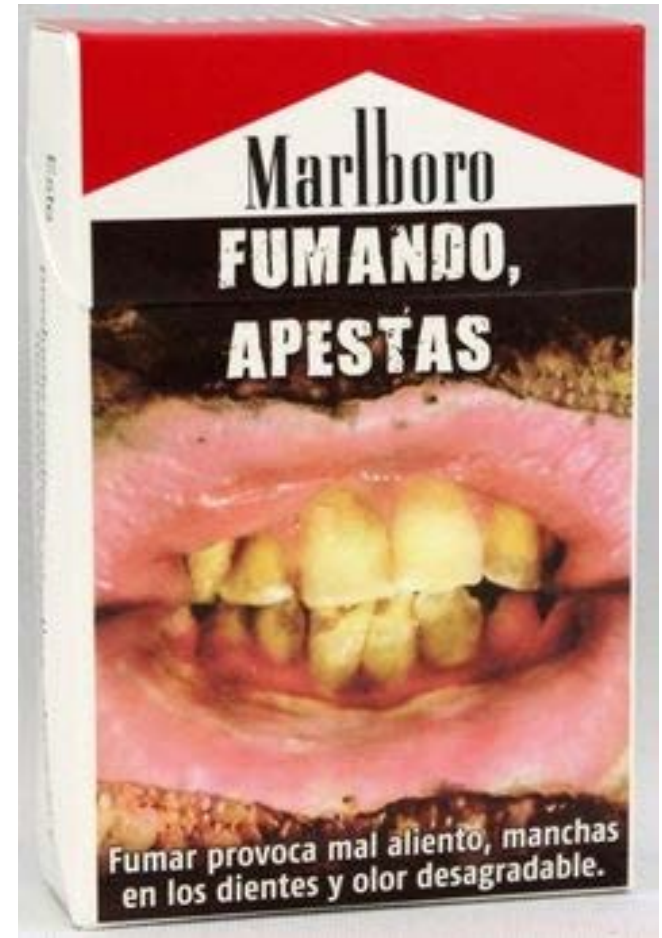
CJEU in TPD 1 challenge

- TDP 1 banned descriptors - **mild**, **light**, etc.
- **AG Geelhoed** opinion (2002)
- again just **negative right**
- *“the essential substance of a trademark right does not consist in an entitlement as against the authorities to use a trademark unimpeded **by provisions of public law**”*



nature of trademark rights

- *Philips Morris v Uruguay* – July 2016:
- **just negative rights**
- “*trademark holder has the possibility to use the trademark in commerce, **subject to the State’s regulatory power**”, recognised and protected by customary intl. law*



UK case

British American Tobacco May 2016

- TRIPS just gives TM owners **negative rights** (Art. 16) –
- States have a broad power to adopt health legislation, even when it has an impact on manufacturers of tobacco products - **indeed they cause the health problem**
- there is no right to use the mark “**to harm public health**” – and use of TMs can thus be curtailed on **public health grounds**
- it is an exceptional case because “*there is no other widely used consumer product in the world **which kills half of its long term users prematurely***” (UK Secretary of State).

different interests in using TMs

EC – Protection of Geographical Indications (2005):

“Every trademark owner has a legitimate interest in ... using its own trade mark in connection with the relevant goods and services ...”



distinctiveness



display ban



ANNOUNCEMENT / PENGUMUMAN
Bermula 1 april 2015, harga rokok di setiap atau permis berdaftar adalah berikut.

Cigarettes Brand / Jenama rokok	Pack / pek	Price / harga
DUNHILL RED	20	RM 16.00
DUNHILL BLUE	20	RM 16.00
DUNHILL MENTHOL	20	RM 16.00
DUNHILL WHITE MENTHOL	20	RM 16.00
DUNHILL MENTHOL BOOST	20	RM 16.00
DUNHILL SWITCH	20	RM 16.00
DUNHILL ICE	20	RM 16.00
BENSON & HEDGES	20	RM 16.00
KENT RED	20	RM 16.00
KENT 3 TEK BLUE (FUTURA)	20	RM 16.00
KENT 3 SILVER (SILVER NEO)	20	RM 16.00
LUCKY STRIKE PLAIN	20	RM 17.50
ROTHMANS INTERNATIONAL 100,	20	RM 17.50
PETER STUYVESANT RED	20	RM 14.00
PETER STUYVESANT BLUE	20	RM 14.00
PETER STUYVESANT MENTHOL	20	RM 14.00
PALL MALL RED	20	RM 14.00
PALL MALL BLUE	20	RM 14.00
PALL MALL KRETEK	20	RM 14.00
PALL MALL KRETEK MENTHOL	20	RM 14.00
PALL MALL MENTHOL	20	RM 14.00
PALL MALL MINT	20	RM 14.00
PALL MALL ICE MENTHOL	20	RM 14.00

distinctiveness

- **May 2016 EWHC in *British American Tobacco*** (paras 745/786):
- no total loss of distinctiveness
- **word marks** can still be displayed ... and play their function as identifier - **which was also stressed to deny expropriation of property**
- ... and such words are capable of distinguishing tobacco products in a retail environment

tobacco brands in social settings

- Govts aim at neutralising the **promotional effects of tobacco brands in social settings**, after customers have purchased the pack
- smokers keep packs close to them, which constantly expose other consumers to the brand - "**mobile advertising**" or "**silent salesman**" or manufacturer's "**billboard**"
- overlapping **distinctive** and **promotional** functions



FDA proposal rejected



R.J. Reynolds Tobacco Co. v. U.S. FDA (2012)



FDA



TRIPS necessity test – scientific issue

- is plain packaging compliant with Art. 8(1) TRIPS?
- “*Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health*”
- two-prong test – (a) **suitability** (b) **less IP restrictive**
- test might also be relevant under Art. 20 TRIPS

suitability – causal link ?

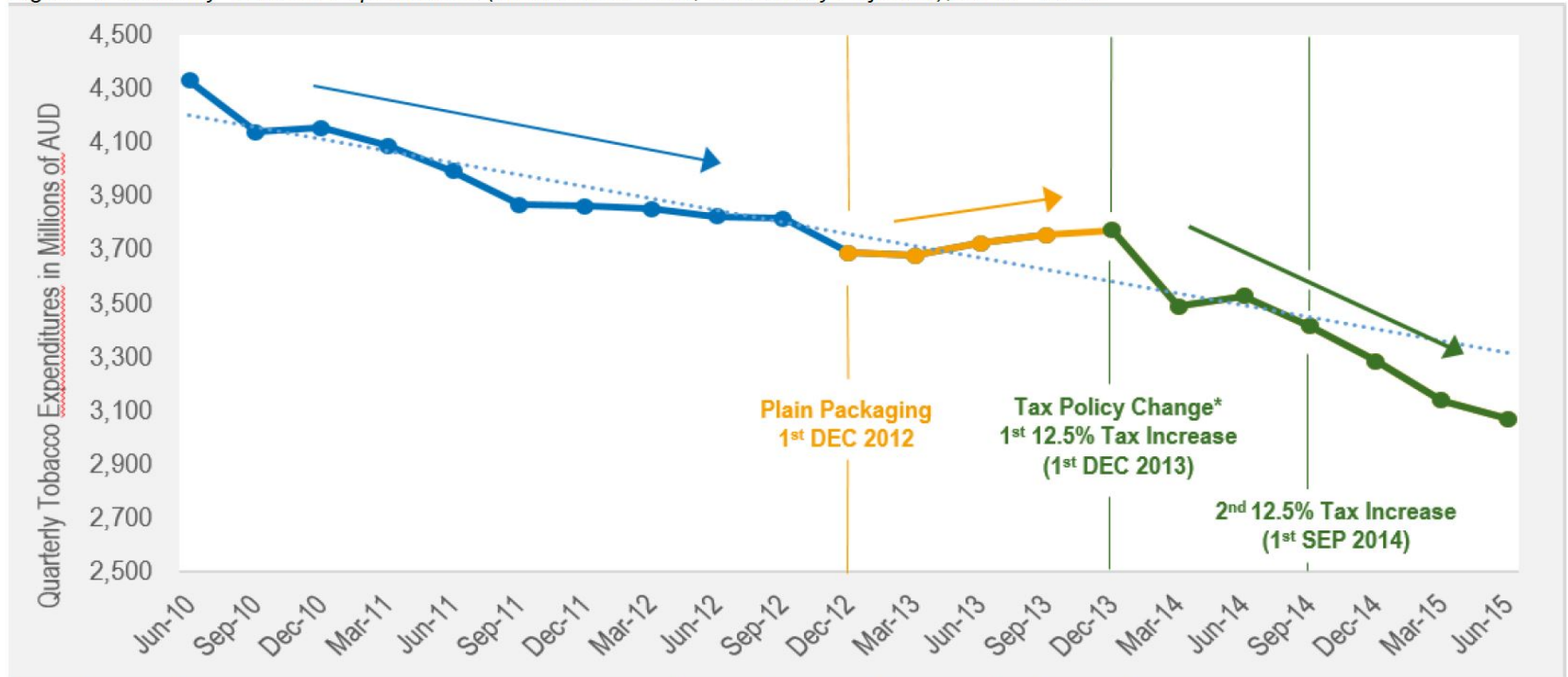
- **Lack of evidence** - uncertainty surrounding its ability/effectiveness to reduce incidence of smoking
 - PP makes cigarettes packs less attractive
 - more visible health warnings and info would induce smoking cessation
- **brand switching** theory
 - rejected by Green J. in UK case: “unsustainable”
- Also: **boomerang effect**

less IP restrictive measures ?

- eg educational campaigns
- eg health info / warnings on the pack
- eg advertising restrictions
- eg higher taxes which increase prices
- eg ban on consumptions in public places

adequate evidence?

Figure 4: Quarterly Tobacco Expenditures (in Millions of AUD, Seasonally Adjusted), 2010 – 2015



Source: Quarterly Tobacco Expenditures, seasonally adjusted, Australian Bureau of Statistics (ABS).³⁹ *Tax Policy Change refers to the four pre-announced staggered tax increases in Australia between 2013 and 2016. The blue dotted line depicts a linear trend (based on the data before the introduction of plain packaging).

What's
next ?











gambling?



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nanny state?

or “libertarian paternalism”?

C. Sustein – R. Thaler “Nudge” theory



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*Thanks for your
attention !*

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