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
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

EVIDENCE
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). 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?
BIG MACS MAKE BIG CHILDREN

WARNING

The fat, salt and sugar in hamburgers and fries damages your children. Their physical, social and mental state will be affected for years to come. These impacts are often permanent.

McDonald’s
Big Mac

www.city.ac.uk/law
gambling?
nanny state?
or “libertarian paternalism”?
C. Sustein – R. Thaler “Nudge” theory
Thanks for your attention!

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