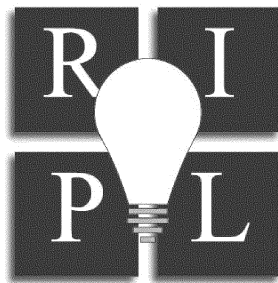


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



DO YOU MIND MY SMOKING? PLAIN PACKAGING OF CIGARETTES UNDER THE TRIPS AGREEMENT

ALBERTO ALEMANNI & ENRICO BONADIO

ABSTRACT

Plain packaging, a new tobacco control tool that a growing number of countries are considering, mandates the removal of all attractive and promotional aspects of tobacco product packages. As a result of plain packaging, the only authorized feature remaining on a tobacco package is the use of the brand name, displayed in a standard font, size, colour and location on the package. In opposing this new strategy, the tobacco industry is particularly keen on emphasizing the uselessness of plain packaging in reducing smoking rates and its incompatibility with trade mark provisions of international treaties. In particular, the tobacco industry and other regulated sectors believe that plain packaging jeopardizes trade mark rights and particularly contravenes several trade mark provisions outlined in the TRIPS Agreement and the Paris Convention for the Protection of Industrial Property. This article, after introducing the reader to the genesis and rationale of plain packaging within the broader context of the World Health Organization's Framework Convention on Tobacco Control, offers a detailed analysis of the compatibility of this tobacco control tool with the international system for trade mark protection as enshrined in the TRIPS.

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INTRODUCTION

“Plain packaging,” also known as “generic packaging,” is a new, yet untried, tobacco control policy tool.¹ It requires that all forms of tobacco branding should be labelled exclusively with simple unadorned text.² This entails that trade marks, graphics and logos be detached from cigarette packs, except for the brand name that is displayed in a standard font size, colour and location on the package.³ Moreover, the packaging should not contain colour and should include only the content and consumer information, such as toxic constituents, and health warnings required by law.⁴ In essence, plain packaging aims at standardizing the appearance of all cigarette boxes in order to make them unappealing, especially for adolescents, thus reducing the prevalence and up-take of smoking.⁵

Some evidence shows that this innovative way of marketing tobacco products is likely to reduce tobacco consumption.⁶ In particular, studies show that plain packaging could attain such a result in two indirect, yet related, ways.⁷ It does not only contribute to make cigarettes look less attractive, but it also makes health warnings and information more visible.⁸ These studies claim that generic packaging, by increasing the effectiveness of health warnings and reducing misconceptions about the risks of smoking, might carry the potential to reduce smoking uptake, especially among children and young people, and accordingly protect human health.⁹ In particular, plain packaging is expected to play a valuable role in product perceptions

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¹ See Becky Freeman, Simon Chapman & Matthew Rimmer, *The Case for the Plain Packaging of Tobacco Products*, 103 ADDICTION 4, 587 (2007) (stating that plain packaging is an important but underexplored part of tobacco control legislation).

² *Id.* at 581 (discussing the background and features of plain packaging).

³ *Id.*

⁴ *Id.*

⁵ *Id.* at 581–82 (providing an overview of the features of generic packaging).

⁶ *Id.* at 583 (reporting that plain packaging would reduce tobacco consumption for non-smokers).

⁷ *Id.* at 582–83.

⁸ *Id.*

⁹ *Id.* See TNS Opinion & Social, *Eurobarometer Special 332: Tobacco*, at 83 (May 2010), http://ec.europa.eu/health/tobacco/docs/ebs332_en.pdf (finding that smokers who believe some types of cigarettes are less risky for health focus on tar and nicotine levels, taste, terms in the brand’s name and colour of the packs). See also Gerard Hastings, Karine Gallopel-Morvan & Juan Miguel Rey, *The Plain Truth About Tobacco Packaging*, 17 TOBACCO CONTROL 361, 361–62 (Nov. 28, 2008), available at <http://tobaccocontrol.bmj.com/content/17/6/361.full.pdf?sid=69de25f8-f612-4f82-8db1-17feb1154945> (noting that tobacco is addictive and risky but, contrary to drugs, does not provide any objective benefit).

and smoking initiation, effectively breaking the shift from experimentation to regular use.¹⁰

Although the idea of plain packaging as an anti-tobacco policy tool is relatively new, it is already highly controversial. Yet, as opposed to other tobacco policies, plain packaging has attracted not only limited public opinion attention, but also little academic scrutiny. The aim of this article is to fill this gap, in particular in the international intellectual property literature, by focusing on the compatibility of plain packaging with the international system of trade mark protection as enshrined by the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property ("TRIPS"). As illustrated in the past by the Doha Declaration on the TRIPS Agreement and Public Health, a tension exists within this agreement between the protection of intellectual property rights ("IPRs") and the public interest.¹¹ The on-going plain packaging discussions belong to this debate and will inevitably represent a new 'stress test' for TRIPS. After introducing the reader to the genesis and rationale of plain packaging, the focus of the article will shift to the legal status of this tobacco control tool under the international system for trade mark protection as enshrined in TRIPS and the Paris Convention for the Protection of Industrial Property.

I. THE GENESIS OF PLAIN PACKAGING AND THE WORLD HEALTH ORGANIZATION'S FRAMEWORK CONVENTION ON TOBACCO CONTROL

A majority of states have progressively acknowledged the need to regulate tobacco products as a result of the recognition of related adverse public health effects.¹² As a result, over the years, a significant range of tobacco control measures have been adopted worldwide.¹³ More recently, these regulatory efforts have been codified within the World Health Organization ("WHO") Framework Convention on Tobacco Control ("FCTC"), a multilateral treaty aimed at protecting "present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke."¹⁴ To achieve this goal, the FCTC provides "a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to

¹⁰ See G. Ferris Wayne & G. N. Connolly, *How Cigarette Design Can Affect Youth Initiation into Smoking: Camel Cigarettes 1983-93*, 11 TOBACCO CONTROL i32, i37-38 (2002), available at http://tobaccocontrol.bmj.com/content/11/suppl_1/i32.full.pdf?sid=143cd297-f0a6-4b3e-b2ec-305016ad64b8 (discussing the paradigm which plain packaging may eventually change).

¹¹ See Frederick M. Abbot, *The DOHA Declaration on the TRIPS Agreement and Public Health: Lighting a Dark Corner at the WTO*, 5 J. INT'L ECON. L. 469, 469-70 (2002).

¹² WORLD HEALTH ORG., IMPLEMENTING SMOKE-FREE ENVIRONMENTS, WHO REPORT ON THE GLOBAL TOBACCO EPIDEMIC 8 (2009), <http://www.who.int/tobacco/mpower/2009/en/>.

¹³ *Id.* at 64.

¹⁴ WORLD HEALTH ORG., WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL 5 (2003), <http://whqlibdoc.who.int/publications/2003/9241591013.pdf> [hereinafter FCTC] (noting that the FCTC became effective on 27 February 2005 and that the treaty, which is now closed for signature, has 168 Signatories, including the European Union, which makes it the most widely embraced treaty in UN history).

tobacco smoke.”¹⁵ Among the regulatory measures that the signatories shall implement, some of them are listed under Article 11 of the FCTC, “Packaging and labelling of tobacco products.”¹⁶ The Guidelines for Implementation of Article 11 recommend the adoption of mandatory plain packaging.¹⁷

The first record of discussions of generic packaging trace to Canada in 1986, when the Canadian Medical Association (“CMA”) proposed to have cigarettes sold in the equivalent of plain brown wrappers.¹⁸ The following year, the CMA called on the federal government to require that “tobacco products be sold in plain, standard-sized packages that state: “This product is injurious to your health.”¹⁹ In January 1988m the idea was quickly taken up by some Canadian parliamentarians during discussion on the Tobacco Products Control Act.²⁰ Yet, by that time, only a handful of policy makers or researchers had had an opportunity to evaluate its potential.

Some countries have recently revived the debate by taking into serious consideration the opportunity of imposing generic packaging on tobacco products. Thus far, Australia is the most committed country to plain packaging. Indeed, in August 2009, a bill was proposed to amend both Australia’s Trade Practices Act 1974 and Trade Practices (Consumer Product Information Standards) (Tobacco) Regulations 2004 by changing product information standards and removing brands, trade marks and logos from tobacco packaging.²¹ This bill, which was buried by the dissolution of the Australian House of Representatives in September 2010, might be reintroduced in the new Parliament.²² In the meantime, in June 2009, the National Preventative Health Taskforce for the Minister for Health and Ageing released a report entitled “Australia: The Healthiest Country By 2020,” which recommended the introduction of various tobacco-related measures, including plain packaging of cigarettes.²³

¹⁵ *Id.*

¹⁶ *Id.* at 9.

¹⁷ WORLD HEALTH ORG., GUIDELINES FOR IMPLEMENTATION OF ARTICLE 11 OF THE FRAMEWORK CONVENTION ON TOBACCO CONTROL, PACKAGING AND LABELLING OF TOBACCO PRODUCTS 46 (Nov. 17–22, 2008), http://www.who.int/fctc/guidelines/article_11.pdf. [hereinafter GUIDELINES 11].

Parties should consider adopting measures to restrict or prohibit the use of logos, colours, brand images or promotional information on packaging other than brand names and product names displayed in a standard colour and font style (plain packaging). This may increase the noticeability and effectiveness of health warnings and messages, prevent the package from detracting attention from them, and address industry package design techniques that may suggest that some products are less harmful than others.

Id.

¹⁸ ROB CUNNINGHAM, SMOKE & MIRRORS THE CANADIAN TOBACCO WAR 239 (1996).

¹⁹ PHYSICIANS FOR SMOKE-FREE CANADA, THE PLOT AGAINST PLAIN PACKAGING 1–2 (Apr. 2008), <http://www.plain-packaging.com/Templates/BackgroundTemplate.aspx> (outlining the Plain Packaging Time Line from June 1986 through 1999 including corresponding debate).

²⁰ *Id.*; CUNNINGHAM, *supra* note 18, at vii.

²¹ Plain Tobacco Packaging (Removing Branding from Cigarette Packs) Bill 2009, 3–4 (Cth) (Austl.).

²² See DEPT. OF THE SENATE, ODGERS’ AUSTRALIAN SENATE PRACTICE 262–64 (Harry Evans, ed., 12th ed. 2008), available at <http://www.aph.gov.au/senate/pubs/odgers/pdf/odgers.pdf>.

²³ Nat’l Preventative Health Taskforce for the Minister of Health & Ageing, *Australia: The Healthiest Country By 2020—National Preventative Health Strategies—the Roadmap for Action 19*

Canada, the European Union (“EU”) and the United Kingdom are also considering laws mandating this marketing restriction.²⁴ In particular, within the EU, following the launch of a public consultation on a possible revision of the Tobacco Products Directive,²⁵ plain packaging is considered as one of the regulatory options aimed at reducing disparity in labelling throughout the EU, while at the same time promoting consumer information.²⁶

II. PLAIN PACKAGING AND ITS DISCONTENTS

It does not come as a surprise that the tobacco industry is firmly against the introduction of generic packaging. Additionally, as illustrated by the recent high number of submissions to the EU’s stakeholders’ consultation on the revision of the Tobacco Products Directive, many other industries are also concerned about the adoption of this policy option.²⁷ In particular, besides a significant number of trade associations and trade owners linked to the tobacco industry, other industry sectors—especially those such as alcohol, food, confectionary, cosmetics, beverage and automotive, which are subject to significant regulatory constraints—are threatened by plain packaging.²⁸

First of all, opponents of plain packaging stress that generic packaging would not be very effective to the stated purpose of reducing smoking and protecting human health.²⁹ To support this claim, it is often pointed out that there is a lack of evidence that generic packaging makes cigarette boxes less attractive to consumers, and also that more visible health warnings and information would induce smoking cessation.³⁰

(June 30, 2009), [http://www.preventativehealth.org.au/internet/preventativehealth/publishing.nsf/Content/nphs-roadmap/\\$File/nphs-roadmap.pdf](http://www.preventativehealth.org.au/internet/preventativehealth/publishing.nsf/Content/nphs-roadmap/$File/nphs-roadmap.pdf).

²⁴ See generally U.K. Dept. of Health, *A Smokefree Future: A Comprehensive Tobacco Control Strategy for England*, 39 (Feb. 1, 2010), http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/@ps/documents/digitalasset/dh_111789.pdf (introducing a report in which generic packaging has been examined in great detail).

²⁵ EUR. COMM’N HEALTH & CONSUMERS DIRECTORATE-GENERAL, PUBLIC CONSULTATION DOCUMENT ON POSSIBLE REVISION OF THE TOBACCO PRODUCTS DIRECTIVE 2001/37/EC, 7 (2010), http://ec.europa.eu/health/tobacco/docs/tobacco_consultation_en.pdf.

²⁶ *Id.* at 6–7.

²⁷ See *id.* at 8 (explaining that other industries, including manufacturers, have expressed concerns).

²⁸ See generally PHYSICIANS FOR SMOKE-FREE CANADA, *supra* note 19, at 11–30 (discussing the strategies to oppose plain packaging).

²⁹ Freeman, Chapman & Rimmer, *supra* note 1, at 584.

³⁰ See 26 June 2009, PARL. DEB., H.C. (2008) 305 (U.K.), available at <http://www.publications.parliament.uk/pa/cm200809/cmpublic/health/090625/pm/90625s09.htm>.

The Minister of State for Public Health stated:

There is some evidence that branding on cigarette packs may increase brand awareness among young people but it is not conclusive. . . . While there is also evidence to suggest that branding on packs may mislead customers about the relative safety of different tobacco products, that too is very limited. No studies have been undertaken to show that plain packaging of tobacco would cut smoking uptake among young people or enable those who want to quit to do so. Given the impact that plain packaging would have on intellectual property rights, we would undoubtedly need strong and convincing evidence of the benefits to health, as well

Plain packaging could even have a “boomerang” effect, i.e., it could increase smoking uptake as companies would be prompted to compete only on cigarette prices, making tobacco cheaper and more affordable for consumers, particularly among young people.³¹

It is argued instead that other less invasive instruments would be far more effective than generic packaging in the struggle against smoking, such as educational campaigns, health information and warnings on cigarette boxes, among other options.³²

Finally, plain packaging would encourage the counterfeiting of tobacco products³³ by: (i) making it easier and less expensive to copy packaging; (ii) reducing trade mark holders’ ability to bring legal action against counterfeiters; and (iii) increasing the burden on enforcement agencies, which in turn would jeopardize consumers’ interests.³⁴

III. THE CLASH BETWEEN PLAIN PACKAGING AND TRADE MARK RIGHTS

As is known, packaging is key to tobacco majors, particularly when it comes to targeting young people and first time customers.³⁵ Unlike many other mass

as its workability, before this could be promoted and accepted at an international level—especially as no country in the world has introduced plain packaging.

Id. See also IMPERIAL TOBACCO AUSTRALIA LTD., SUBMISSION TO THE SENATE: PLAIN TOBACCO PACKAGING (REMOVING BRANDING FROM CIGARETTE PACKS) BILL 2009, 8–10 (Apr. 2010), http://www.imperial-tobacco.com/files/misc/submission_on_proposals.pdf; SENATE COMMITTEE ON AFFAIRS REFERENCE COMM., THE TOBACCO INDUSTRY AND THE COSTS OF TOBACCO-RELATED ILLNESS, 70 (Dec. 1995), http://www.apf.gov.au/SENATE/committee/clac_ctte/completed_inquiries/pre1996/tobacco/report/report.pdf.

The Committee received a range of often conflicting evidence on the efficacy of generic packaging. While some evidence suggested that generic packaging would reduce the attractiveness of cigarettes for children, other evidence raised some doubts concerning the effectiveness of this approach. The Committee believes that more research needs to be undertaken into the role generic packaging could play in an integrated strategy addressing the problem of adolescent smoking. The Committee considers that, on the basis of the evidence received, there is not sufficient evidence to recommend that tobacco products be sold in generic packaging.

Id.

³¹ Freeman, Chapman & Rimmer, *supra* note 1, at 584.

³² See generally IMPERIAL TOBACCO AUSTRALIA LTD., *supra* note 30, at 17–18.

³³ See *id.* at 27–28; see also Letter from Heather Steinmeyer, President, Int’l Trademark Ass’n. to Parliament House, Sec’y of Comm. on Cmty. Affairs (Feb. 24, 2010), http://www.apf.gov.au/senate/committee/clac_ctte/plain_tobacco_packaging_09/submissions/Sub20.pdf.

³⁴ See IMPERIAL TOBACCO AUSTRALIA LTD., *supra* note 30, at 34; see also BRITISH AM. TOBACCO, RESPONSE TO THE DEP’T. OF HEALTH “CONSULTATION ON THE FUTURE OF TOBACCO CONTROL, MAY 2008”, at 28–30 (Sept. 5, 2008); ANTI-COUNTERFEITING GRP., A JOINT RESPONSE, ¶¶ 16–17 (May 2008), http://www.plain-packaging.com/downloads/Anti-Counterfeiting_Group_response_to_UK_DOH_consultation.pdf.

³⁵ See generally *When Packages Can’t Speak: Possible Impacts of Plain and Generic Packaging of Tobacco Products* (Mar. 1995), http://www.plain-packaging.com/downloads/Canada_Expert_Panel_Report_-_When_Packages_Can%27t_Speak_Mar_95_-_excerpt.pdf. A national survey of teens confirmed that “knowledge, beliefs, attitudes and images that consumers hold about products and brands are intervening variables that can be used to predict future purchase behaviours.” *Id.* at

products, cigarette boxes remain with users once first opened and are continuously displayed in public, thus becoming a powerful and direct form of mobile advertising for the brand.³⁶

Plain packaging would remove all the fancy design elements from cigarette boxes, which usually influence consumers' purchase decisions, and would break the link between producers and users.³⁷ In particular, plain packaging would result in a ban on the use of all those graphic, fancy design elements and logos, so-called "trade dress" or "get up" of the product, which are protectable under international and national trade mark laws and are often registered as trade marks worldwide.³⁸ Under generic packaging, even the use of the brand name would be partially banned, since its distinctive typeface, colour and letter size would be replaced by a standard, plain format.³⁹ The result would be a final product that would inevitably appear boring, daunting and lifeless to the eyes of consumers.⁴⁰ As a result, generic packaging is likely to interfere with the two main functions of trade marks.⁴¹ First, it may jeopardize their function as "indication of origin," in the sense of indication of company and trade origin.⁴² By definition, trade marks enable consumers to make simplified and educated purchase choices, thus reducing purchasing risks and ensuring consumer choice.⁴³ This fundamental function cannot be fulfilled if trade marks are not visible, or even available, to consumers when selecting a product. Indeed, plain packaging as applied to cigarettes may threaten consumers' ability to make reasoned choices, as there would be little difference between the cigarette boxes marketed by individual tobacco companies. As a result, this measure would

55. With particular reference to tobacco products, this report found that "packaging is an important cue in brand identification for Canadian teens. Even teens who are not committed to smoking yet . . . can identify several brands solely on the basis of package cues only, that is, with no brand name associated with the package. Package design alone, without brand name, provides enough information for almost all teens to recognize the two top teen cigarette brands in the Canadian market." *Id.* at 75.

³⁶ See Freeman, Chapman & Rimmer, *supra* note 1, at 580.

³⁷ *Id.* at 581.

³⁸ Council Regulation 207/09, 2009 O.J. (L 78) 2–3 (EU) (noting that the subject matter protectable by registration is broad). Further, a "[c]ommunity trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging." *Id.* at art. 4; see Council Regulation 2008/95, 2008 O.J. (L 299) 26 (EU); TRIPS, *infra* note 63, at art 15.

³⁹ Angela Paladino, Assoc. Professor Dep't of Mgmt. & Mktg. at Univ. Melbourne, The Impact of Packaging on Brands—The Case of Cigarettes, Address at the Intellectual Property Research Institute of Australia Seminar Melbourne (May 26, 2010); see Freeman, Chapman & Rimmer, *supra* note 1, at 581.

⁴⁰ Freeman, Chapman & Rimmer, *supra* note 1, at 582.

⁴¹ See GUY TRITTON, INTELLECTUAL PROPERTY IN EUROPE 225–26 (3d ed. 2008) (explaining the two main, and complimenting, functions of a trade mark (1) "it enables a consumer to distinguish between goods from differing sources," and (2) it conveys "psychological messages").

⁴² *Id.* at 227; see also Freeman, Chapman & Rimmer, *supra* note 1, at 583 (providing examples of when packaging is used as an indication of origin).

⁴³ Case C-349/95, F. Loendersloot Internationale Expeditie v. George Ballantine & Son Ltd, 1997 E.C.J. I-6253 (explaining the function of trade marks as indication of origin in its ruling in this re-packaging case and stating that "account must be taken of the essential function of the trade mark, which is to guarantee to the consumer or end user the identity of the trade-marked product's origin by enabling him to distinguish it without any risk of confusion from products of different origin").

prevent tobacco trade marks from serving their institutional purpose, which is to help consumers distinguish the products of an undertaking which consumers know and trust from those of another unknown competitor.⁴⁴ Rather, consumers would get confused as to the trade origin and quality of cigarettes.⁴⁵

Secondly, plain packaging may jeopardize the function of trade marks as “conveyor of messages.”⁴⁶ Indeed, very often consumers make purchase choices relying on the “brand image” of the trade mark, regardless of the features of the product on which such sign is affixed.⁴⁷ Tobacco products are no exception to that—their brand image is often more important to today’s image-conscious public than the underlying product.⁴⁸ As generic packaging requires the total removal of the fancy market appeal elements from cigarettes boxes, it may deprive tobacco trade marks of their overall “brand image,” and thus seriously jeopardize the goodwill which is usually attached to these brands.⁴⁹

An interesting case from the 1990s confirms the relevance of “brand image” in the mass market products and of packaging trade dress in general. This case regarded marketing of infant formula milk in Guatemala.⁵⁰ More precisely, in 1983 this country implemented the WHO/United Nations Children’s Fund (“UNICEF”) International Code of Marketing of Breast-Milk Substitutes, which inter alia, prohibited the use of images of babies on foods destined for children under the age of two.⁵¹ The goal of this legislative move was to protect the lives of infants by promoting breast-feeding over breast milk substitutes, and particularly to counter aggressive marketing by baby food companies aimed at convincing mothers that their products were superior to breast milk for their babies.⁵² Indeed, the law specifically banned images that idealized the products in question.⁵³ Facing its implementation, the U.S. children’s food company, Gerber, claimed such law infringed its trade mark,

⁴⁴ See generally Imperial Tobacco Austl. Ltd., *supra* note 30, at 3, 25, 32 (noting that concerns have also been raised by retailers, who stress that such a marketing restriction would make them waste valuable time to recognize the different brands requested by their clients); see also Tim Wilson, Dir. Intellectual Property & Free Trade Unit, Inst. Pub. Affairs, *The Cost of Plain Packaging?*, Address at the Intellectual Property Research Institute of Australia Seminar Melbourne (May 26, 2010) (explaining concerns raised by others and related legal implications).

⁴⁵ Imperial Tobacco Austl. Ltd., *supra* note 30, at 19, 22 (noting that one might argue that confusion on the part of the public would not occur as generic packaging still permits to brands to keep names on the product, although in a standardized format and deprived of its fancy elements).

⁴⁶ See, e.g., Tritton, *supra* note 41, at 227 (explaining the function of trade marks as conveyor of “psychological messages”).

⁴⁷ Freeman, Chapman & Rimmer, *supra* note 1, at 581–82 (noting that distinguishing packaging is particularly important in market categories like cigarettes, where goods or services tend to be homogeneous).

⁴⁸ See *id.*

⁴⁹ See *id.* at 585 (noting that special requirements for tobacco trademarks are justifiable “in order to reduce good-will associated to those marks and thus limit their power to induce consumption”).

⁵⁰ Russell Mokhiber, *Gerber Uses Threat of GATT Sanctions To Gain Exemption from Guatemalan Infant Health Law*, 10 CORP. CRIME REP. 14, ¶¶ 6–7 (1996).

⁵¹ *Id.* ¶¶ 3–4 (noting that in 1983 Guatemala became one of the first countries to implement the International Code of Marketing of Breast Milk Substitutes); see World Health Assembly, *May Res. 34.22, International Code of Marketing of Breastmilk Substitutes*, 14th Mtg. (May 21, 1981).

⁵² Mokhiber, *supra* note 50, ¶¶ 3–4.

⁵³ *Id.* ¶¶ 5–6.

which included the image of a healthy and rather fat baby.⁵⁴ Gerber then began threatening Guatemala to lobby the U.S. State Department with a view of imposing trade sanctions under the General Agreement on Tariffs and Trade (“GATT”) and other trade measures, in particular, lodging complaints with the U.S. Generalized Systems of Preferences.⁵⁵ This move prompted the Guatemalan Supreme Court to exclude the application of that law to imported products, such as those imported by Gerber.⁵⁶

IV. PLAIN PACKAGING UNDER THE TRIPS AGREEMENT

We have seen that plain packaging of cigarettes might interfere with the two main functions of trade marks, thus jeopardizing the goodwill that is usually attached to these signs. This potential interference is prompting the tobacco industry, and other regulated industries, to jump to the defence of their IPRs. Indeed, one of the most threatening arguments against plain packaging is its alleged incompatibility with the international system of trade mark protection as enshrined by TRIPS.⁵⁷ In particular, plain packaging could contravene several TRIPS provisions on trade marks,⁵⁸ thus any country that adopts this regulatory measure might expose itself to the dispute settlement proceedings initiated by other members within the framework of the World Trade Organization (“WTO”).⁵⁹ TRIPS is one of

⁵⁴ *Id.* ¶ 5.

⁵⁵ *Id.* ¶¶ 7–8. Frank T. Kelly, Gerber's Vice President for Latin America, wrote to the president of Guatemala stating that,

[u]pon the favorable and permanent resolution of this matter, we will withdraw all complaints before the CBI [Caribbean Basin Initiative], GATT and any other future instance before the authorities of the General System of Preferences. . . . We will be prepared to reactivate the defense of our efforts for our rights before the CBI, GATT, and in the Congress of the United States of America if a final and favorable resolution is not reached in the short term.

Id.

⁵⁶ *Id.* ¶ 8; Robert N. Mayer, *Protectionism, Intellectual Property and Consumer Protection: Was the Uruguay Round Good for Consumers?*, 21 J. CONSUMER POL'Y 195, 209 (1998).

⁵⁷ Freeman, Chapman & Rimmer, *supra* note 1, at 585.

⁵⁸ ASS'N INTERNATIONALE POUR LA PROTECTION DE LA PROPRIÉTÉ INTELLECTUELLE, PUBLIC CONSULTATION ON THE POSSIBLE REVISION OF THE TOBACCO PRODUCTS DIRECTIVE 2001/37/EC, 4 (Dec. 17, 2010). As far as the European dimension is concerned, it is also believed that plain packaging might violate Article 1 of the First Protocol to the European Convention on Human Rights. *Id.* at 3 (noting that *Anheuser-Busch v Portugal*, 44 Eur. H.R. Rep. 42 (2007), gave a broad interpretation of this provision, stressing that it also applies to IPRs, including trade marks, and that an application for trade mark registration is a substantive interest protected by Article 1 as it creates rights of a proprietary nature). Article 1 provides that anyone “is entitled to the peaceful enjoyment of his possessions” and cannot be deprived of said possessions. Convention for the Protection of Human Rights and Fundamental Freedoms, art. 1, Nov. 4, 1950, 312 U.N.T.S. 13; see also Christopher Morcom, *Trademarks, Tobacco and Human Rights*, 210 TRADEMARK WORLD 20, 20 (2008).

⁵⁹ See generally IMPERIAL TOBACCO AUSTL. LTD., *supra* note 30, at 24–26 (noting that TRIPS is administered by WTO and TRIPS incorporates parts of The Paris Convention for the Protection of Industrial Property 1888 which is administered by the World Intellectual Property Organization (WIPO) and if the plain packaging bill is enacted it would be subject to challenges by the WTO).

the WTO Agreements signed in 1994 at the end of the Uruguay Round and is one of the pillars of the multilateral trade system.⁶⁰ TRIPS imposes on WTO Members the obligation to ensure a minimum level of protection of all types of IPRs, including trade marks.⁶¹

In particular, critics argue that plain packaging may violate Articles 17, 20 and 15(4) of TRIPS and Article 6 *quinquies* (B) of the Paris Convention, which is incorporated by reference into TRIPS pursuant to its Article 2(1), and could not be justified under Article 8(1) of the same treaty.⁶²

The next sections provide an analysis of the TRIPS-compatibility of plain packaging by following an article-by-article approach. After illustrating the arguments that can be developed against plain packaging measures, the focus of the analysis will shift to the possibility of accommodating those marketing restrictions within the TRIPS provisions.

A. TRIPS—Article 17

Article 17 of TRIPS states that “[m]embers may provide limited exceptions to the rights conferred by a trade mark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties.”⁶³

States are therefore permitted to limit the exclusive rights of trade mark holders. Yet such exceptions should be “limited.”⁶⁴ The first useful interpretation of the term “limited exceptions” to IPRs was given by a WTO Panel in a patent-related

⁶⁰ Agreement on Trade-Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, art. 17, Apr. 15, 1994, 33 I.L.M. 1125, 1869 U.N.T.S. 299 [hereinafter TRIPS], available at http://www.wto.org/english/docs_e/legal_e/27-trips.pdf; Danielle Tully, *Prospects for Progress: The Trips Agreement and Developing Countries after the Doha Conference*, 26 B.C. INT’L & COMP. L. REV. 129, 134 (2003).

⁶¹ See generally MICHAEL BLAKENEY, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPS AGREEMENT (1996) (discussing the TRIPS agreement); see generally JAYASHREE WATAL, INTELLECTUAL PROPERTY RIGHTS IN THE WTO AND DEVELOPING COUNTRIES 291–332 (2001) (discussing international intellectual property rights); CARLOS CORREA, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS 8 (2007) (discussing TRIPS).

⁶² Letter from Lalive Law Firm to Philip Morris Int’l Mgmt. 5 (July 23, 2009) [hereinafter *Lalive Opinion*], available at http://www.plain-packaging.com/downloads/LALIVE_Analysis_23_July_2009.pdf; see also TIM WILSON, INST. OF PUB. AFFAIRS, GOVERNING IN IGNORANCE: AUSTRALIAN GOVERNMENTS LEGISLATING, WITHOUT UNDERSTANDING, INTELLECTUAL PROPERTY, 16–19 (May 2010), http://www.ipa.org.au/library/publication/1275976632_document_100508_-_paper_-_governing_in_ignorance.pdf.

⁶³ TRIPS, *supra* note 60, at art. 17.

⁶⁴ CORREA, *supra* note 61, at 193–95 (exploring the meaning of “limited exceptions”). Correa stresses that TRIPS Article 17 echoes the wording of Articles 13 and 30 of the same treaty. *Id.* at 194; see also Watal, *supra* note 61, at 259 (exploring various exceptions to the rights conferred in a trademark); NUNO PIRES DE CARVALHO, THE TRIPS REGIME OF TRADEMARKS AND DESIGN 296 (2006) (exploring the three step test in Article 17 that exceptions must pass in order to be TRIPS-consistent: “the exception must be limited; they must take account of the legitimate interests of the owner; and they must take account of the interests of third parties.”).

dispute.⁶⁵ This occurred in *Canada—Patent Protection for Pharmaceutical Products*,⁶⁶ when the Panel was called upon to interpret Article 30 of TRIPS, which contains a patent-related exception similar to Article 17.⁶⁷ On that occasion, the Panel gave a narrow interpretation of this provision.⁶⁸ It held that the word “exception” by itself connotes a “limited derogation, one that does not undercut the body of rules from which it is made. . . . The term ‘limited exception’ must therefore be read to connote a narrow exception—one which makes only a small diminution of the rights in question.”⁶⁹ It is undisputed that this interpretation of “limited exceptions” also applies to trade marks.⁷⁰ This was later confirmed by another WTO Panel in *European Communities—Trade marks and Geographical Indications for Agricultural Products and Foodstuffs*.⁷¹ Indeed, it should be noted that the exceptions to IPRs, whether trade mark, copyright or patent rights, are meant to meet analogous aims, i.e., to guarantee limited areas of freedom to IPRs holders’ competitors and third parties in good faith, and thus to pursue relevant public policies.⁷²

(i) This interpretation of Article 17 seems to comfort, at least *prima facie*, the critics of plain packaging. Indeed, in light of the above disputes, one may argue that generic packaging cannot be justified as a “limited exception” to trade mark rights as this restrictive measure implies the quasi-nullification of such rights.⁷³ What seem to be allowed under Article 17 of TRIPS are only very narrow exceptions, which do not annihilate the rights of trade mark owners such as the fair use of descriptive terms by third parties.⁷⁴

⁶⁵ See generally Panel Report, *Canada—Patent Protection for Pharmaceutical Products*, WT/DS114/R 8 (Mar. 17, 2000) [hereinafter *Canada—Patent*] (noting that sections of the Patent Act conform with Canada’s obligations under TRIPS because the provisions are “limited exceptions” to the rights conferred by a patent within the meaning of Article 30 of TRIPS); see also Watal, *supra* note 61, at 259 (noting that Article 17 of TRIPS follows the language of Article 13 for copyrights and Article 30 for patents).

⁶⁶ *Canada—Patent*, *supra* note 65.

⁶⁷ *Id.* at 20–21 (stating that Article 30 TRIPS states that “[m]embers may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.”).

⁶⁸ See Pires de Carvalho, *supra* note 64, at 296 (discussing the *Canada—Patent* Panel Report, *supra* note 65).

⁶⁹ *Canada—Patent*, *supra* note 65, at 155; see also R. Howse, *The Canadian Generic Medicines Panel—A Dangerous Precedent in Dangerous Times*, 3 J. WORLD INTELL. PROP. 493, 497 (2000) (discussing the *Canada—Patent* Panel Report, *supra* note 65).

⁷⁰ Panel Report, *European Comm’ns—Protection of Trademarks and Geographical Indications for Agric. Products and Foodstuffs*, WT/DS174R 143 (Mar. 15, 2005) [hereinafter *Protection of Trademarks*].

⁷¹ *Id.*

⁷² See, e.g., TRIPS, *supra* note 63, at art. 17 (cautioning that exceptions to private rights should take into account the interests of third parties).

⁷³ Wilson, *supra* note 62, at 16–17.

⁷⁴ See, e.g., Council Directive 2008/95, art. 6, 2008 O.J. (L 299) 25, 29 (EU). The directive states that trade mark holders cannot prevent a third party from using in the course of trade:

(a) his own name or address; (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

(ii) It could be further argued that plain packaging does not take into account the legitimate interests of trade mark holders and therefore violates Article 17 of TRIPS.⁷⁵ To unfold this argument, it is worth exploring the meaning of “legitimate interests of the owner of the trade mark.”⁷⁶ In another dispute, *EC—Trade marks and Geographical Indications*, the WTO Panel defined that expression as follows:

[e]very trade mark owner has a legitimate interest in preserving the distinctiveness, or capacity to distinguish, of its trade mark so that it can perform that function. This includes its interest in using its own trade mark in connection with the relevant goods and services of its own and authorized undertakings. Taking account of that legitimate interest will also take account of 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.⁷⁷

By stating the above, the Panel basically held that trade marks should not be prevented from serving their basic functions as both “badge of trade origin” and “conveyor of messages.”⁷⁸ As already shown, the latter function has become particularly important, as much of the economic value of trade marks—especially well known trade marks—arises more frequently from extra-product and psychological features than ever before.⁷⁹

By relying on the above interpretation, one could argue that plain packaging, unlike more benign exceptions such as descriptive fair use of another's trade marks, totally prevents the use of cigarette trade marks. This interpretation would jeopardize the “legitimate interests” of right owners, and particularly both functions of trade marks.⁸⁰ Indeed, by adopting plain packaging (a) right holders would be prevented from distinguishing their tobacco products from those of their competitors and (b) all the economic value of their trade marks, which mostly stems from the reputation they acquired on the markets and the quality message associated with them, would be annulled.⁸¹

(iii) From the above interpretation, one could also argue that generic packaging jeopardizes the legitimate interests of third parties, i.e., consumers.⁸² Indeed, the function of trade marks as “indication of trade origin” is served not only for rights owners, but also for consumers who have a legitimate interest in being able to

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with honest practices in industrial or commercial matters.

Id. See also Council Regulation 207/09, art. 12, 2009 O.J. (L 78) 1, 5 (EU) (identifying what a third party is entitled to know regarding a Community trade mark).

⁷⁵ Wilson, *supra* note 62, at 16–17.

⁷⁶ TRIPS, *supra* note 63, at art. 17.

⁷⁷ *Protection of Trademarks*, *supra* note 71, at 147.

⁷⁸ See, e.g., Tritton, *supra* note 41, at 227 (explaining the function of trade marks as conveyor of “psychological messages”); see also AMANDA MICHAELS, A PRACTICAL GUIDE TO TRADEMARK LAW 2 (3d ed. 2002) (noting that a trademark is seen as a badge of honor which carries an implied assurance of quality).

⁷⁹ See Tritton, *supra* note 41, at 227.

⁸⁰ Pires de Carvalho, *supra* note 64, at 296.

⁸¹ See *Lalive Opinion*, *supra* note 62, at 9–10.

⁸² Imperial Tobacco Austl. Ltd., *supra* note 30, at 31–32.

distinguish the goods and services of one undertaking from those of another, and thus to avoid confusion.⁸³ Yet, in the case of plain packaging, the distinctive elements of tobacco trade marks would be removed and, accordingly, consumer confusion is likely as to the trade origin of cigarettes.

Most of these arguments, however, can be countered by looking both at the language employed by TRIPS and at the overall rationale and content of IPRs.

For example, in response to the first argument noted above, one may argue that generic packaging is limited as it does not authorize third parties to exploit tobacco trade marks, and therefore right holders could still exercise the most important right granted to them, i.e., prohibiting third parties from misappropriating their trade marks.⁸⁴ Indeed, in other TRIPS-related cases that involved this kind of exception (i.e., Article 13 on copyright, Article 30 on patents and Article 17 on trade marks), the issue was whether third parties other than the copyright, patent or trade mark owner were free to use the intellectual property asset without the consent of the IPR owner.⁸⁵ It is undisputed that plain packaging does not allow third parties to (mis)use tobacco majors' trade marks, but it is merely a restriction on right owners' ability to use their own trade marks.⁸⁶ Under such circumstances, it can be argued that the curtailment of the exclusive trade marks rights is "limited" and there is no violation of TRIPS Article 17.

Moreover, it may be observed that Article 17 makes reference to "exceptions to the rights conferred by a trade mark."⁸⁷ One should therefore verify which rights are offered by TRIPS to trade mark holders. The provision to look at is Article 16(1) of TRIPS, which is to be read in conjunction with Article 17.⁸⁸ A joint reading of these provisions might offer an overall interpretation of TRIPS trade mark-related provisions which supports plain packaging.

Article 16(1) enshrines a well known principle of trade mark law and generally of intellectual property law:⁸⁹ IPRs and particularly trade mark rights do not offer their owners a *positive* right to actually use the protected asset (for example, a fancy sign), but just a *ius excludendi alios*, i.e., the *negative* right to prevent third parties from using the asset in question.⁹⁰ It would follow that generic packaging cannot be deemed under Article 17 of TRIPS as an "exception to the rights conferred by a trade mark," as no positive right to use trade marks is offered by TRIPS to trade mark

⁸³ See, e.g., *Protection of Trademarks*, *supra* note 71, at 143–47.

⁸⁴ Wilson, *supra* note 62, at 17.

⁸⁵ See, e.g., Panel Report, *United States—Section 110(5) of US Copyright Act*, WT/DS160/R 31 (June 15, 2000); *Canada—Patent*, *supra* note 65, at 147, 154; *Protection of Trademarks*, *supra* note 71, at 147.

⁸⁶ See Wilson, *supra* note 62, at 17.

⁸⁷ TRIPS, *supra* note 63, at art. 17.

⁸⁸ *Id.* at arts. 16(1), 17.

⁸⁹ *Id.* at art. 16(1). Article 16(a) states:

[t]he owner of a registered trade mark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade mark is registered where such use would result in a likelihood of confusion.

Id.

⁹⁰ See *id.*; *Lalive Opinion*, *supra* note 62, at 15–16.

holders.⁹¹ Therefore, the question remains whether plain packaging could be implemented without amounting to an exception to the (negative) right to exclude third parties from exploiting the trade marks in question, as enshrined in Article 16(1).⁹² As already mentioned, the marketing restriction in question does not prevent rights owners from enforcing their rights against infringers, but just entails that rights holders are unable to use their own trade marks. It would, therefore, seem that generic packaging can be implemented without violating Article 16(1) and thus be considered lawful.⁹³

B. TRIPS—Article 20

Article 20 of TRIPS states that:

[t]he use of a trade mark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trade mark, 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.⁹⁴

Thus, no interference with the use of the trade mark should be allowed, unless it is a justifiable encumbrance. The aim of Article 20 is to outlaw special requirements making the use of trade marks difficult in the course of trade.⁹⁵ For example, before TRIPS, some developing countries, including Brazil, Mexico and India, sought to strengthen the contractual power of local licensees *vis-à-vis* foreign partners, and requested that the licensed trade mark be used together with the sign used by the former. Such measures now would not be permitted under Article 20 of TRIPS.⁹⁶

Once a measure has been ascertained as being a special requirement under this provision, it is necessary to verify whether such requirement is justified. Article 20 provides a list of *prima facie* forms of unjustifiable special requirements.⁹⁷ For example, pursuant to this provision, limiting the size of drugs' trade marks in order to give prominence to their generic name would be justifiable on public health grounds.⁹⁸

⁹¹ See Andrew Mitchell, *Australia's Move to the Plain Packaging of Cigarettes and its WTO Compatibility*, 5 ASIAN J. WTO & INT'L HEALTH L. & POL'Y 405, 416 (2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1667746; see also Benn McGrady, *TRIPS and Trademarks: The Case of Tobacco*, 3 WORLD TRADE REV. 53, 66–67 (2004).

⁹² See TRIPS, *supra* note 63, at art. 16(1); see also Pires de Carvalho, *supra* note 64, at 262, 301.

⁹³ See McGrady, *supra* note 91, at 66–67.

⁹⁴ See TRIPS, *supra* note 63, at art. 20.

⁹⁵ *Lalive Opinion*, *supra* note 62, at 10–11.

⁹⁶ See Correa, *supra* note 61, at 199; Watal, *supra* note 61, at 251; DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 116–17 (2d ed. 2003).

⁹⁷ See Gervais, *supra* note 61, at 116–17; see also Pires de Carvalho, *supra* note 64, at 330–31.

⁹⁸ See Watal, *supra* note 61, at 251–52 (noting that under Mexican Health Law the display of generic names, together with trademarks, on pharmaceutical products is compulsory and considered a justifiable special requirement).

A WTO Panel interpreted Article 20 in *Indonesia—Certain Measures Affecting the Automobile Industry*, a case regarding the use of trade marks in the car industry.⁹⁹ The United States objected to “Indonesia’s grant of ‘national motor vehicle’ benefits only to motor vehicles bearing a unique Indonesian trade mark owned by Indonesian nationals.”¹⁰⁰ The United States maintained that such a requirement discriminated against foreign-owned trade marks and their owners and was also inconsistent with Article 20.¹⁰¹ The Panel, however, found no violation of this TRIPS provision.¹⁰² It stressed that the Indonesian benefit program did not “impose” any trade mark-related requirement, as foreign car companies entered into cooperation agreements with Indonesian enterprises on a voluntary basis and with the knowledge that the use of their sign would be restricted.¹⁰³

Given that, one could maintain that prohibiting or restricting the use of tobacco trade marks on cigarettes boxes would be an unjustifiable special requirement falling within the scope of Article 20.¹⁰⁴ In particular, it could be observed that generic packaging is detrimental to tobacco trade marks’ capability to distinguish the goods on which they are attached insofar as such trade marks could not be used at all, except for the brand name in a standardized and neutral form.¹⁰⁵ As shown above, this would jeopardize one of the two main functions of trade marks. Moreover, it is true that plain packaging also requires the brand name to be used “*in a special form*,” i.e., such name should (i) be written in a standard form, (ii) be of a particular font and (iii) have letters of a specified size,¹⁰⁶ which would confirm that this marketing restriction falls within the scope of Article 20.

Plain packaging requirements could also be considered “justifiable” and not contrary to the provision in question, as they could be considered necessary to reduce smoking and protect human health.¹⁰⁷ In particular, a state keen in protecting its citizens’ health may label these requirements as reasonable measures consistent with the purpose of promoting consumers’ welfare.¹⁰⁸ That might seem a valid argument. Still, it could be countered by stressing again that generic packaging, which will eliminate tobacco trade marks’ distinctiveness, would cause confusion on the part of consumers, thus jeopardizing another public interest just as important as public health protection.

It can be further observed that Article 20 outlaws just *positive* encumbrances on the use of trade marks (e.g., an obligation on foreign owners to use their trade marks together with the signs of local licensees), but not those requirements restricting or

⁹⁹ See generally Panel Report, *Indonesia—Certain Measures Affecting the Automobile Industry*, WT/DS54/R, WT/DS55/R, WT/DS59/R, WT/DS64/R (July 2, 1998).

¹⁰⁰ *Id.* at 18, 321.

¹⁰¹ *Id.* at 18.

¹⁰² *Id.* at 324.

¹⁰³ *Id.* at 397; see CORREA, *supra* note 61, at 201.

¹⁰⁴ See *Lalive Opinion*, *supra* note 62, at 10; see Annette Kur, *The Right to Use One’s Own Trade Mark: A Self-evident Issue or a New Concept in German, European, and International Trade Mark Law?*, 18 EUR. INT’L PROP. REV. 198, 202 (1996); see also Anselm Kamperman Sanders & Spyros M. Maniatis, *A Quixotic Raid Against the Tobacco Mill*, 19 EUR. INT’L PROP. REV. 237, 238 (1997) (citing Kur’s argument).

¹⁰⁵ See *Lalive Opinion*, *supra* note 62, at 11.

¹⁰⁶ *Id.*

¹⁰⁷ See Mitchell, *supra* note 91, at 413.

¹⁰⁸ See Pires de Carvalho, *supra* note 64, at 330.

prohibiting the use of the sign.¹⁰⁹ Indeed, Article 20 should be read in conjunction with Article 16(1) of TRIPS, which, as shown above, does not offer trade mark holders the positive right to use a trade mark.¹¹⁰ It follows that Article 20 cannot be interpreted as creating what other TRIPS provisions do not create—a positive right to use trade marks and it therefore cannot be invoked to oppose a prohibition or restriction of said use.¹¹¹ In other terms, Article 20 would prohibit measures that govern *how* trade marks may be used, but not those measures which govern *when* and *where* trade marks can be used.¹¹² The result is that the marketing restriction in question would be lawful.

The above counter-argument seems to have its merits, as many countries in the context of public health protection programs have implemented advertising restrictions, labelling measures, and in certain cases even products bans, all entailing the prohibition to use tobacco trade marks.¹¹³ Such measures did not raise any doubts about their compatibility with TRIPS.¹¹⁴ For example, several states passed legislation prohibiting tobacco advertising in connection with products or services different from cigarettes, e.g., the ban on tobacco sponsorships in sporting events and motorcycle and Formula 1 races.¹¹⁵

Many of these measures have been adopted pursuant to the above mentioned Framework Convention on Tobacco Control (“FCTC”), which defines tobacco advertising and promotion as “any form of commercial communication, recommendation or action with the aim, effect or likely effect of promoting a tobacco product or tobacco use either directly or indirectly.”¹¹⁶ The FCTC Guidelines clarify that designs, images, logos, trade marks, brands, colours and other names affixed on cigarettes packaging may also be considered tobacco advertising and promotion.¹¹⁷ Under this view, plain packaging would therefore be a measure comparable to advertising restrictions, i.e., a measure which could be adopted by states to discourage smoking and achieve laudable public health objectives.¹¹⁸ In particular,

¹⁰⁹ See *Protection of Trademarks*, *supra* note 71, at 136 n.558.

¹¹⁰ See TRIPS, *supra* note 60, at art. 16.

¹¹¹ See McGrady, *supra* note 91, at 61.

¹¹² *Id.* at 62.

¹¹³ See, e.g., Master Settlement Agreement, *available at* <http://ag.ca.gov/tobacco/pdf/1msa.pdf> (last visited Mar. 25, 2011) (outlining agreement between the individual attorney generals of the fifty states and major American tobacco companies that placed additional restrictions on merchandising and event sponsorships by tobacco companies and banned billboard advertising and precludes tobacco products from bearing a brand name, trademark, or emblem).

¹¹⁴ See, e.g., McGrady, *supra* note 91, at 62 (noting that in 2003 advertising restrictions limiting to a certain extent the use of tobacco trade marks were maintained in more than 100 WTO member countries).

¹¹⁵ See, e.g., Council Directive 2003/33/EC, art. 5, 2003 O.J. (L152) 16, 18 (EU) (relating to the advertising and sponsorship of tobacco products, noting, for example, a ban on the use of tobacco advertising as a means of sponsorship of events); see also CORREA, *supra* note 61, at 200 n.109.

¹¹⁶ See FCTC, *supra* note 14, at 4; see also Ulf Bernitz, *Logo Licensing of Tobacco Products—Can it be Prohibited?*, 19 EUR. INT’L PROP. REV. 137, 137–38 (1990) (providing further examples of such bans).

¹¹⁷ See WORLD HEALTH ORG., GUIDELINES FOR IMPLEMENTATION OF ARTICLE 13 OF THE WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL ¶ 9 (Nov. 17–22, 2008), http://www.who.int/fctc/guidelines/article_13.pdf [hereinafter GUIDELINES 13].

¹¹⁸ Patricia Ferguson, *Tobacco Advertising and Freedom of Speech—Why the Greater Does Not Include the Lesser*, UNIV. C. LONDON JURISPRUDENCE REV. 315, 320 (2003).

as shown above, the FTC Guidelines recommend states specifically adopt plain packaging in order to increase the noticeability and effectiveness of health warnings and messages, and thus eliminate the effects of advertising and promotion on packaging.¹¹⁹ This would contribute to informing consumers about the serious consequences of tobacco consumption and therefore protect human health.

A similar public interest-related argument was put forward by the European Court of Justice (“ECJ”) in a case involving Council Directive 2001/37/EC on the Manufacture, Presentation and Sale of Tobacco Products.¹²⁰ In this case, the ECJ was asked to verify the validity of said directive, which imposes strict requirements on the composition and designation of cigarettes, including the need for health warnings on packets and the prohibition of descriptors such as “light and mild,” “low-tar” and “ultra-light.”¹²¹ The U.K. referring court asked the ECJ to declare the directive invalid as it would infringe *inter alia* the fundamental right to property and/or Article 20 of TRIPS.¹²²

Tobacco manufacturers claimed that (i) health warnings would dominate the overall appearance of cigarette boxes, and therefore affect or even prevent the use of their trade marks, and (ii) that the prohibition on using terms such as “light,” “mild” and “ultra-light”—which make part of registered trade marks—would deprive them of valuable signs.¹²³

The ECJ, however, held that the above directive does not violate the fundamental right of property, stressing that said trade mark use restrictions correspond to an objective of general interest pursued by the EU to ensure a high level of health protection and do not amount to a disproportionate and intolerable interference jeopardizing the very substance of that right.¹²⁴ In other words, the ECJ held that the fundamental right to property, including intellectual property, is not an absolute right, but must be considered in relation to its social function and other general interests.¹²⁵

The ECJ did not specifically rule on the alleged contrariety of the directive to Article 20.¹²⁶ Indeed, the ECJ has consistently held that the legality of an EU act cannot be assessed in the light of instruments of international law which—as the WTO Agreement and TRIPS—are not amongst the rules in the light of which said court should review the lawfulness of acts adopted by the EU institutions.¹²⁷ The ECJ clarified that it is only where the EU intended to implement a particular WTO obligation, or where the EU measure refers expressly to the precise provisions of the

¹¹⁹ See GUIDELINES 11, *supra* note 17, ¶ 46; see also GUIDELINES 13, *supra* note 117, ¶¶ 15–17.

¹²⁰ See *Queen v. Sec’y of State for Heath, ex parte British Am. Tobacco (investments) Ltd.*, [2002] EWHC (QB) 491 (Eng.) (indicating Council Directive 2001/37/EC, 2001 O.J. (L194) 26 (EU)).

¹²¹ *Id.* ¶¶ 4, 13, 134.

¹²² *Id.* ¶ 142.

¹²³ *Id.* ¶ 143.

¹²⁴ *Id.* ¶ 153.

¹²⁵ *Id.* ¶ 146, 149.

¹²⁶ *Id.* ¶¶ 154–57.

¹²⁷ See Case C-149/96, *Port. Republic v. Council of the Eur. Union*, 1999 E.C.R. I-8395; see also Case C-377/98, *Kingdom of the Neth. v. Eur. Parliament & Council of the Eur. Union*, 2001 E.C.R. I-7079; Case C-301/97, *Kingdom of the Neth. v. Eur. Parliament & Council of the Eur. Union*, 2001 E.C.R. I-8853; Joined Cases C-27/00 & C-122/00, *Queen and Sec’y of State for the Env’t, Transport and the Regions, ex parte Omega Air Ltd. (c-27/00)*, and between *Omega Air Ltd., Aero Engines Ir. Ltd., Omega Aviation Serv. Ltd. v. Ir. Aviation Auth. (C-122/00)*, 2002 E.C.R. I-2569.

WTO agreements, that it is for the court to review the lawfulness of the EU measure in question in light of the WTO provisions.¹²⁸

On the one hand, one could observe that the above statements provide some support for the position that generic packaging regimes can be compliant with property rights and particularly intellectual property regimes. Yet, on the other hand, the case dealt with by the ECJ, which related to health warnings and prohibition of descriptors, is different from plain packaging issues, which basically entail a restriction on the use of the “core” trade marks of tobacco manufacturers. Indeed, while the ECJ ruling entails the prohibition on using a trade mark incorporating mere descriptors, the fact remains that, pursuant to the abovementioned decision, cigarettes producers can continue to distinguish their product by using their (more important) distinctive signs.¹²⁹ This is not the case when it comes to generic packaging, as it prohibits the use of any distinctive elements of such signs.¹³⁰

Thus, in light of the above differences, the ECJ decision on Directive 2001/37 may not be of great help when verifying the compliance of plain packaging with trade mark related provisions.

C. TRIPS—Article 15(4)

Article 15(4) of TRIPS states that “the nature of the goods or services to which a trade mark is to be applied shall in no case form an obstacle to *registration* of the trade mark” (emphasis added).¹³¹ This provision reproduces Article 7 of the Paris Convention.¹³²

By relying on the negative impact of generic packaging on brands, one could observe that such marketing restriction “form[s] an obstacle” to the registration and use of tobacco trade marks,¹³³ and therefore would contravene Article 15(4) of TRIPS.¹³⁴ This conclusion is based on the assumption that the *use* of a trade mark would be inextricably linked to its *registration* and that registration without use would be a “hollow formal right which is economically meaningless.”¹³⁵ It has also

¹²⁸ See *Port. Republic*, 1999 E.C.R. I-8395; see also *Kingdom of the Neth.*, 2001 E.C.R. I-8853; *Queen & Sec’y of State for the Env’t*, 2002 E.C.R. I-2569.

¹²⁹ Case C-376/98, *Fed. Republic of Ger. v. Eur. Parliament & Council of the Eur. Union*, 2000 E.C.R. I-08419.

¹³⁰ *Brook Grp., Ltd. v. Brown & Williamson Tobacco Corp.*, 509 U.S. 209, 212 (1993).

¹³¹ TRIPS, *supra* note 63, at art. 15(4).

¹³² Paris Convention for the Protection of Industrial Property, Mar. 20, 1888, as revised at the Stockholm Revision Conference, art 7, July 14, 1967, 21 U.S.T. 1538, 828 U.N.T.S. 305; TRIPS, *supra* note 63, at art. 2(1) (stating that Articles 1 through 12 and Article 19 of The Paris Convention have been incorporated into TRIPS).

¹³³ TRIPS, *supra* note 63, at art. 15(4).

¹³⁴ See ANNE MAKRIGIORGOS, THE INST. OF PATENT & TRADEMARK ATTORNEYS OF AUSTL., SUBMISSION TO THE SENATE COMMUNITY AFFAIRS INQUIRY INTO THE TOBACCO PACKAGING (REMOVING BRANDING FROM CIGARETTES PACKS) BILL 2009, at 4 (Feb. 23, 2010), http://www.aph.gov.au/senate/committee/clac_ctte/plain_tobacco_packaging_09/submissions/sub09.pdf.

¹³⁵ See *Lalive Opinion*, *supra* note 62, at 8.

been stressed that there would not be much point in obtaining the registration of trade marks if owners are prevented from using them in the course of trade.¹³⁶

The above argument seems to go too far and particularly confuse two concepts, registration and use of trade marks, which are different and autonomous.¹³⁷ Indeed, trade mark registrations may have relevant economic value, even if the protected signs are not yet used. Trade mark registrations may be assigned even where the underlying signs have not yet been used.¹³⁸ Cases where trade mark registrations are purchased by companies that later decide not to use the signs in question are not uncommon.¹³⁹ That proves that “registration” may be economically valuable and convenient, at least for a certain period of time, regardless of any “use” of the underlying sign.¹⁴⁰

Moreover, the real purpose of Article 15(4) is to ensure that registration can occur even though the use of a trade mark is not possible on a particular product, because the good on which it should be affixed cannot be sold on security or safety grounds (let’s think about a pharmaceutical product which can be marketed only after obtaining the relevant marketing authorization).¹⁴¹ Therefore, it would be implicit in such provision that, despite registration, the use of trade marks may be restricted or even prohibited by governments under certain circumstances.¹⁴² It could be argued that plain packaging falls within such circumstances.¹⁴³

This interpretation has also been endorsed by a former Director-General of the World Intellectual Property Organization (“WIPO”), which administers the Paris Convention:

Article 7 [Paris Convention, which is reproduced in Article 15(4) of TRIPS] does not address the question of permission to use a registered mark. Therefore, countries party to the Paris Convention remain free to regulate

¹³⁶ See Morcom, *supra* note 58, at 21.

¹³⁷ See Mitchell, *supra* note 91, at 408–09.

¹³⁸ TRIPS, *supra* note 63, at art. 15(3).

¹³⁹ 15 U.S.C. § 1063 (2006); 37 C.F.R. §§ 2.101–107 (2010) (explaining the procedures for trademark registration process, including the opportunity to file an opposition); 15 U.S.C. § 1051(d); 37 C.F.R. § 2.88 (explaining the Notice of Allowance procedure for Intent to Use applications); 37 C.F.R. § 2.89(d) (explaining that failure to file Statement of Use within six months of issuance of the Notice of Allowance results in abandonment, as a matter of law); Philip K. Lyon & Jeffrey J. Look, *How Intellectual Property Impacts a Commercial Law Practice: Trademarks and Service Marks*, 51 ARK. L. REV. 459, 469 (1998) (explaining the procedures for registration in the event that the mark is not yet in use when the owner seeks registration).

¹⁴⁰ 15 U.S.C. § 1062(b); 37 C.F.R. § 2.65 (explaining that the applicant has six months to file a written response to the action or the application will be abandoned).

¹⁴¹ See G.H.C. BODENHAUSEN, GUIDE TO THE APPLICATION OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY, AS REVISED AT STOCKHOLM IN 1967 128 (1968) (stressing that Article 7 of the Paris Convention (which is reproduced in Article 15.4 TRIPS) has a narrow scope of application and its purpose is to make the protection of industrial property independent of the question whether the relevant products may or may not be commercialized in the state in question).

¹⁴² See McGrady, *supra* note 91, at 66–67.

¹⁴³ See Mitchell, *supra* note 91, at 410 (specifying that this marketing restriction would be compliant with the provision in question because “while the shift towards plain packaging would affect the ‘use’ of tobacco trademarks, the ‘registration’ of such trademarks would remain unaffected”).

the sale of certain types of goods and the fact that a mark has been registered for such goods does not give the right to the holder of the registration to be exempted from any limitation of using the mark which may be decided by the competent authority of the country where the mark is registered.¹⁴⁴

In light of the above, an Article 15(4) based argument against plain packaging is unlikely to be accepted.

D. Article 6 quinquies (B) of the Paris Convention

For the sake of completeness, one also has to examine the compatibility of generic packaging with Article 6 *quinquies* (B) of the Paris Convention, which is incorporated by reference into TRIPS.¹⁴⁵ This provision states that trade marks can be denied registration, or the latter can be invalidated, only on three specific grounds:

[(i)] when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;

[(ii)] when they are devoid of any distinctive character . . . ;

[(iii)] when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public.¹⁴⁶

In particular, Article 6 *quinquies* (B) of the Paris Convention might be interpreted as meaning that not only registration, but also the use of trade marks can be prevented exclusively on the above three grounds (this argument again is based on the assumption that the *use* of a trade mark would be inextricably linked to its *registration*).¹⁴⁷ Indeed, it appears undisputed that the three reasons would not be motivated by their registration being problematic, but rather by the fact that the use of the trade mark would be problematic.¹⁴⁸ For example, registration of a trade mark which violates prior exclusive rights of a third party would be denied. This registration would be denied not “because the registration itself would be inherently wrong, but because of the harm and consumer confusion that it would cause.”¹⁴⁹

¹⁴⁴ Neil E. Collishaw, *Tobacco Control and the Paris Convention for the Protection of Industrial Property*, 5 TOBACCO CONTROL 165, 165 (1996) (citing to a letter from A. Bogsch, former WIPO Director-General, to Director-General of the World Health Organization on Feb. 22, 1995); *see also* Letter from Ludwig Baeumer, Dir. Indus. Prop. Law Dept., to Ralph Oman (Aug. 31, 1994).

¹⁴⁵ *See* TRIPS, *supra* note 63, at art. 2(1).

¹⁴⁶ Paris Convention, *supra* note 132, at art. 6 *quinquies* (B).

¹⁴⁷ *Id.* at art. 6-*bis*; *see also* 15 U.S.C. § 1051(a)(3)(D) (2006) (explaining that a trademark application may be refused because the *use* of the mark would be misleading or confusing) (emphasis added).

¹⁴⁸ *See* 15 U.S.C. § 1051(a)(3)(D) (stressing the intended use of the mark and requirement to avoid misleading or confusing use).

¹⁴⁹ *See Lalive Opinion, supra* note 62, at 7.

Similarly, registration of a trade mark that deceives the public as to the quality and characteristics of the relevant products, would be refused not because the registration itself would be misleading, but because the concrete use of the sign would be misleading.¹⁵⁰

Therefore, WTO member countries would be able to prohibit, not only the registration, but also the use of trade marks only on those grounds mentioned in Article 6 *quinquies* (B). Because those grounds do not include generic packaging,¹⁵¹ however, it would follow that this marketing requirement, by prohibiting the use of tobacco trade marks, could contravene such provision.

This interpretation seems again to confuse *availability* of trade mark rights, which is covered by Article 6 *quinquies* (B) of the Paris Convention as well as by Article 15(4) of TRIPS, with their *enjoyment*, which is instead covered by Article 16(1) of TRIPS.¹⁵² On the one hand, it appears undisputed that the reasons mentioned in Article 6 *quinquies* (B) (i.e., reasons for denying or invalidating registrations) “are not motivated by the fact that the registration itself would be problematic, but rather that the use of the trade mark would be.”¹⁵³ For example, when a trade mark office rejects an application, or when a court invalidates a registration, on deceptiveness grounds, said office or court does so because it has assessed that the use of the trade mark might mislead consumers as to certain characteristics of the goods on which the sign in question must be affixed. In other terms, in these administrative or judicial proceedings the reference to the “use” of the trade mark is useful when it comes to deciding whether the “registration” should be granted or invalidated.¹⁵⁴ This does not mean, however, that Article 6 *quinquies* (B) also covers and regulates the use of trade marks. Again, *availability* of exclusive trade mark rights, to be decided in the above administrative and judicial proceedings, also taking into account any possible use of the sign, should not be confused with the concrete *use* of such trade mark, which could even be restricted or prohibited by national governments under certain circumstances, regardless of the fact that the registration is still pending.

Additionally, registration of trade marks which infringe prior rights (i.e., the first reason mentioned in Article 6 *quinquies* (B) of the Paris Convention) can be opposed not only because of the damages to the owners of such prior rights and/or the consumer confusion caused by the use of the later sign.¹⁵⁵ Indeed most owners of trade marks, especially well known trade marks, are also keen in opposing the mere

¹⁵⁰ See, e.g., 15 U.S.C. § 1051(b)(3)(D) (explaining that the trademark applicant must verify that their mark, when used in commerce, will not cause confusion, mistake or deceive the consuming public); see generally 15 U.S.C. § 1125(a)(1) (noting prohibited uses of mark, including false or deceptive statements or representations that are likely to mislead and confuse consumers, will subject one to liability).

¹⁵¹ Paris Convention, *supra* note 132, at art. 6 *quinquies* (B); see also *Lalive Opinion*, *supra* note 62, at 7 (noting that none of the above three reasons apply to tobacco trademarks and trademarks such as “Marlboro”, (and, likely, Philip Morris, Camel, Lucky Strike, Winston, Chesterfield) have a strong distinctive character and are not contrary to morality or public order, nor they are likely to deceive the public).

¹⁵² Paris Convention, *supra* note 132, at art. 6 *quinquies* (B); TRIPS, *supra* note 63, at arts. 15(4), 16(1).

¹⁵³ See *Lalive Opinion*, *supra* note 62, at 7.

¹⁵⁴ *Id.*

¹⁵⁵ Paris Convention, *supra* note 132, at art. 6 *quinquies* (B) (listing various circumstances in which a trade mark may be invalidated).

registration of subsequent similar signs (even where they are not used), as they want to maintain trade mark registers as “clean” as possible—i.e., they want to avoid registers that are “invaded” by similar signs, which could contribute to dilution of their trade marks’ uniqueness.¹⁵⁶

The above counter-arguments seem to have their merits and lead to the conclusion that Article 6 *quinquies* (B) cannot be interpreted as extending its scope of application to trade mark use, but it would cover just registration issues. It would follow that plain packaging does not contravene the provision in question.

E. Allegedly Discriminatory Aspects Contrary to TRIPS

A possible conflict of generic packaging with TRIPS might also stem from its allegedly discriminatory nature. One might observe that a country adopting this marketing limitation might contribute to creating a two-tier trade mark system: (i) one that restricts the enjoyment of trade mark rights in the tobacco industry and (ii) another system giving all other trade marks the broader protection guaranteed by TRIPS.¹⁵⁷ The result would be an unlawful discriminatory treatment of tobacco trade marks.

It should also be noted that TRIPS provisions on trade marks, unlike those on patents, do not expressly forbid discriminatory treatments.¹⁵⁸ As far as availability of patent rights is concerned, Article 27(1) of TRIPS states that patents must be “available for any inventions . . . *in all fields of technology*” (emphasis added).¹⁵⁹ Yet a similar rule is not contained in trade mark-related provisions, Articles 15 to 21.¹⁶⁰ By relying on this argument, it would follow that the TRIPS principle of non-discrimination between fields of technology applies just to patents but not to trade marks, and therefore generic packaging which restricts the use of trade marks in just a specific field—i.e., tobacco industry—would be lawful.

In any case, even assuming that a principle of non-discrimination between fields of technology applies to trade marks, plain packaging might still be considered non-discriminatory. Indeed, one could observe that this measure boils down into a lawful differential treatment, i.e., restriction on use of tobacco trade marks, which is made necessary to meet socially sensitive targets in a specific field.¹⁶¹ The distinction between unlawful “discrimination” and lawful “differential treatment” in the field of IPRs has already been stressed by the WTO Panel in *Canada—Patent Protection for Pharmaceutical Products*.¹⁶² In this case, the Panel stated that “Article 27 does not prohibit bona fide exceptions to deal with problems that may exist only in certain

¹⁵⁶ *Panavision Int’l., L.P. v. Toeppen*, 945 F. Supp. 1296, 1301 (C.D. Cal. 1996).

¹⁵⁷ *Lalive Opinion*, *supra* note 62, at 6.

¹⁵⁸ Compare TRIPS, *supra* note 63, at art. 15 (stating that “any sign . . . capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trade mark.”), with TRIPS, *supra* note 63, at art. 27 (stating that “patents shall be available and patented rights enjoyable *without discrimination* as to the place of invention”) (emphasis added).

¹⁵⁹ TRIPS, *supra* note 63, at art. 27(1).

¹⁶⁰ See generally TRIPS, *supra* note 63, at arts. 15–21.

¹⁶¹ *Canada—Patent*, *supra* note 65, at 19.

¹⁶² *Id.* at 105.

product areas.”¹⁶³ In this respect, a leading scholar pointed out that “[i]f specific rules applicable only to pharmaceutical patents are necessary to address important public interests such as the protection of public health, this does not constitute ‘discrimination’ against the field of pharmaceutical technology. It constitutes recognition of legitimate public interests in differential treatment.”¹⁶⁴ Such statement has been made in relation to pharmaceutical patents, but it might also be invoked when it comes to interpreting TRIPS trade mark-related provisions and to applying them to plain packaging of cigarettes. Indeed this marketing measure is meant to meet socially relevant aims in the public health field, especially reduction of smoking uptake.¹⁶⁵

F. TRIPS—Article 8(1)

Would it be possible to justify generic packaging under Article 8(1) of TRIPS?

This provision states that “[m]embers 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.”¹⁶⁶

It must be preliminarily noted that a WTO Member state seeking to adopt a measure (e.g., a public health measure) pursuant to Article 8(1) should prove that this is (i) necessary to promote the public interest in sectors of vital importance (e.g., to protect human health) and (ii) consistent with TRIPS.¹⁶⁷

The first requirement, i.e., a necessity test, is two-fold. First, there should be a causal link between the measure and the protection of the specific public interest.¹⁶⁸ Second, the measure should be the least restrictive on IPRs.¹⁶⁹ The scope of this provision is further limited by the second requirement, i.e., that the measure be consistent with TRIPS.¹⁷⁰ This confirms that Article 8(1) does not grant a right to override TRIPS obligations in order to protect public interests such as human health.¹⁷¹ It just serves as a tool to interpret TRIPS, rather than being an exception to its application.¹⁷² Article 8(1) of TRIPS is therefore different from other WTO provisions such as GATT Article XX and GATS Article XIV, which constitute exceptions to those agreements and allow states to contravene their provisions (e.g.,

¹⁶³ *Id.* at 170–71.

¹⁶⁴ See FREDERICK ABBOTT, FRIENDS WORLD COMM. FOR CONSULTATION QUAKER UNITED NATIONS OFFICE—GENEVA COMPULSORY LICENSING FOR PUBLIC HEALTH NEEDS: THE TRIPS AGENDA AT THE WTO AFTER THE DOHA DECLARATION ON PUBLIC HEALTH 50 (2002), <http://www.cptech.org/ip/health/cl/quino-op9.pdf>.

¹⁶⁵ See *Fagen v. Axelrod*, 550 N.Y.S.2d 552, 557 (N.Y. App. Div. 1990) (noting that smoking is the largest single preventable cause of premature death and disability in the United States).

¹⁶⁶ TRIPS, *supra* note 63, at art. 8(1).

¹⁶⁷ *Id.* at art. 8.

¹⁶⁸ *Lalive Opinion*, *supra* note 62, at 13.

¹⁶⁹ *Id.*; see also Correa, *supra* note 61, at 108.

¹⁷⁰ *Lalive Opinion*, *supra* note 62, at 13.

¹⁷¹ *Id.* at 13–14.

¹⁷² *Id.* at 14; see also Gervais, *supra* note 61, at 209.

GATT Article XX(b) permits countries to adopt measures necessary to protect human health, *inter alia*).¹⁷³

Yet, plain packaging could fail the above mentioned causal link requirement. Because of the uncertainty surrounding its inherent ability and effectiveness to reduce the incidence of smoking,¹⁷⁴ it might be difficult for states seeking to adopt generic packaging to prove the link between such measure and the protection of public health. Plain packaging would also seem unlikely to satisfy the necessity test for the following reason: there might be other means to pursue the same public health objective, which are more effective and less restrictive of IPRs, such as educational campaigns, health information and warnings, and advertising restrictions.¹⁷⁵

Finally, the second condition of Article 8(1) would not be easy to meet and a Panel's decision finding generic packaging contrary to one of the above analyzed TRIPS provisions cannot be ruled out.¹⁷⁶

It goes without saying that states seeking to adopt plain packaging may overcome the above mentioned difficulties should they succeed in proving (a) the existence of the causal link between the measure and the protection of public health, by relying on studies confirming that this measure would make cigarette boxes less attractive to consumers and health warnings and information more visible and accordingly increase the incidence of smoking cessation;¹⁷⁷ and (b) that no less trade restrictive means of achieving the chosen policy goal exist. In addition, states should also prove that plain packaging is compliant with the above TRIPS provisions. In this respect, particular weight should be attached to both Article 8(1) of TRIPS and paragraph 4 of the 2001 *Doha Declaration on the TRIPS Agreement and Public Health*. The latter reproduces the spirit of the former by stressing that "the TRIPS Agreement does not and should not prevent members from taking measures to protect public health."¹⁷⁸

States seeking to adopt plain packaging could justify this marketing restriction by stressing that each country has the right to decide the level of health protection

¹⁷³ See CARLOS CORREA, WORLD HEALTH ORG., IMPLICATIONS OF THE DOHA DECLARATION ON THE TRIPS AGREEMENT AND PUBLIC HEALTH 9 (June 2002), http://whqlibdoc.who.int/hq/2002/who_edm_par_2002.3.pdf; Abbott, *supra* note 164, at 24–25 (2001).

¹⁷⁴ See IMPERIAL TOBACCO AUSTRALIA LTD., *supra* note 30, at 17.

¹⁷⁵ *Id.* at 4, 17–18 (providing examples of less restrictive programs that have been implemented in Australia).

¹⁷⁶ See also *Lalive Opinion*, *supra* note 62, at 13–14.

¹⁷⁷ Freeman, Chapman & Rimmer, *supra* note 1, at 587 (promoters of generic packaging refuse to meet what has been called "an unattainably high standard of proof for research showing that plain packaging would reduce smoking"); see McGrady, *supra* note 91, at 71–72 (outlining a brief overview of the above mentioned studies); see generally P. Breede & R. Lawson, *The Effect of Plain Packages on the Perception of Cigarette Health Warnings*, 106 PUB. HEALTH 315 (1992); see M. Goldberg, J. Liefeld, J. Madill & H. Vredenburg, *The Effect of Plain Packaging on Response To Health Warnings*, 89 AM. J. PUB. HEALTH 1434, 1434 (1999); see M.A. Wakefield, D. Germain, & S.J. Durkin, *How Does Increasingly Plain Packaging Influence Adult Smokers' Perceptions About Brand Image? An Experimental Study*, 17 TOBACCO CONTROL 416, 419–20 (2008).

¹⁷⁸ World Trade Organization, Ministerial Declaration of 14 November 1998, WT/MIN(01)/DEC/W/2.

which it considers appropriate in a given situation,¹⁷⁹ as it has also been stated by the WTO Panel in *EC—Asbestos*.¹⁸⁰ Reference can also be made to the GATT Panel decision in *Thailand—Restrictions on Importation of and Internal Taxes on Cigarettes*.¹⁸¹ In that pre-WTO case the Panel held that smoking amounts to a “serious risk to human health” and, accordingly, measures aimed at reducing the consumption of cigarettes fall within the scope of GATT Article XX(b).¹⁸² In that decision, the Panel noted that the latter provision permits states to give priority to the human health protection over trade liberalization.¹⁸³ Moreover, although the Thai measures in question were finally considered as discriminatory and not in conformity with the necessity test enshrined in GATT Article XX(b), the Panel held that Thailand could take other measures to limit the health consequences of cigarettes liberalization, such as taxes on tobacco products, advertising bans and labelling requirements.¹⁸⁴ This finding thus recognized the priority of public health policy over trade liberalization and marketing freedom, particularly of cigarettes, showing that tobacco policies, if implemented in a non-discriminatory way, may be in conformity with GATT provisions and generally with international trade rules.¹⁸⁵

CONCLUSION

As illustrated by the above analysis, plain packaging is a thorny issue that will keep IPRs and WTO specialists as well as academics busy in the years to come. Packaging is not only one form of advertising for the tobacco industry,¹⁸⁶ but in most jurisdictions—due to the increasing number of advertising restrictions—it is the *ultimate* form of advertising for tobacco products. Because this is an as yet untried form of an anti-tobacco tool, an interesting war of conflicting evidence, contradictory expertise and diverging narratives is currently surrounding the discussion about its implementation.¹⁸⁷ In particular, given the lack of data on previous use, it does not seem possible to determine how consumers may react, but only how consumers say they will react.¹⁸⁸

In opposing this new strategy, the tobacco industry is particularly keen on emphasizing both the uselessness of plain packaging in reducing smoking rates and

¹⁷⁹ See also Mark Davison, Professor & Faculty of Law at Monash Univ., Plain Packaging of Cigarettes, Address at the Intellectual Property Research Institute of Australia Seminar Melbourne (May 26, 2010) (on file with the John Marshall Review of Intellectual Property Law).

¹⁸⁰ See Appellate Body Report, *European Communities—Measures Affecting Asbestos and Asbestos-Containing Products*, ¶ 168, WT/DS135/AB/R, (Apr. 5, 2001).

¹⁸¹ See generally Panel Report, *Thailand—Restrictions on Importation and Internal Taxes on Cigarettes*, DS10/R–37S/200 (Oct. 5, 1990).

¹⁸² *Id.* at 20.

¹⁸³ *Id.*

¹⁸⁴ See *id.* at 20.

¹⁸⁵ See also Valentina S. Vadi, *Trade Mark Protection, Public Health and International Investment Law: Strains and Paradoxes*, 20 EUR. J. INT'L L. 773, 789 (2009).

¹⁸⁶ Michael Gershman, *Packaging Positioning Tool of the 1980s*, 76 MGMT. REV. 33, 33 (1987).

¹⁸⁷ See generally Alberto Alemanno & Enrico Bonadio, *The Case of Plain Packaging for Cigarettes*, 3 EUR. J. RISK REG. 268 (2010) (discussing the health risks of smoking).

¹⁸⁸ See *When Packages Can't Speak: Possible Impacts of Plain and Generic Packaging of Tobacco Products*, *supra* note 35, at 76.

its incompatibility with TRIPS provisions on trade marks. Clearly, major tobacco companies fear to lose a powerful means of communication between them and consumers and are afraid that what they see as a serious curtailment of their trade mark, trade-dress and goodwill-related rights could hit hard their flourishing businesses and decrease cigarettes sales. Indeed, it is a fact that sales of tobacco products continue to decline in the industrialized and increase in the developing world. For example, the WHO found that in the United States smoking rates shrunk by nearly half in thirty years (from the 1960s to 1990s), falling to twenty-three percent of adults by 1997 and in the developing world tobacco consumption is rising by 3.4 percent per year.¹⁸⁹

On the other hand, those who support plain packaging stress its enormous potential in the fight against tobacco-related diseases and defend its legality and conformity with WTO law and particularly with TRIPS provisions protecting trade marks and public health. To their eyes, plain packaging is both useful and lawful.

Given the high economic stakes related to the introduction of plain packaging and the impact such measures could have on tobacco consumption and eventually on other regulated sectors, it is not unlikely that states adopting such a marketing restriction would expose themselves to a WTO dispute settlement proceedings or to claims of “investor state” protection within the framework of bilateral investments treaties (“BITs”).¹⁹⁰ Needless to say, such actions might be triggered by countries particularly keen on protecting their tobacco majors or, within the context of a BIT’s dispute, by the companies themselves. As illustrated by the analysis, the outcome of such disputes would be far from predictable.

¹⁸⁹ See Fact Sheets: Smoking Statistics, WORLD HEALTH ORG. W. PAC. REGION, http://www.wpro.who.int/media_centre/fact_sheets/fs_20020528.htm (last visited Mar. 25, 2011).

¹⁹⁰ Lahra Liberti, *Intellectual Property Rights in International Investment Agreements: An Overview*, in OECD WORKING PAPERS ON INTERNATIONAL INVESTMENT 2010/1, 16 (2010), <http://www.oecd.org/dataoecd/37/52/44822901.pdf>. In 1994, following the presentation of governmental proposal mandating plain packaging, the first IPRs challenge against a state was brought by representatives of some US tobacco companies against Canada under NAFTA. *Id.* The issue raised was whether a plain packaging requirement would amount to an expropriation of the use of trademarks under NAFTA. *Id.* Finally, the NAFTA issue was made moot when the Canadian Supreme Court struck down the regulation deemed to be in violation of the constitutional right of free speech. *Id.*