

The Hon. K. Shanmugam
Minister for Foreign Affairs and Minister for Law
Ministry of Foreign Affairs
Tanglin
Singapore 248163

September 6, 2015

Dear Minister Shanmugam:

The International Trademark Association (INTA) is a global organisation of 6,500 trademark owners and professionals from over 190 countries, including 55 members in Singapore and 260 members in the ASEAN region. INTA is a not-for-profit membership association dedicated to the support and advancement of trademark and related intellectual property as elements of fair and effective commerce. The Association was founded in 1878 and today INTA leads the way in global trademark research, policy development, and education and training. More details about INTA and its roles are available at www.inta.org.

INTA is pleased to submit comments to the Ministry of Law on the plain packaging of tobacco products, following announcements on March 12, 2015 that the Ministry of Health would be carrying out a public consultation on the matter.

INTA commends efforts to address public health concerns. Although we take no position on the particular health issues that are the focus of tobacco plain packaging, we strongly believe that the introduction of plain packaging in Singapore would frustrate the ability of trademarks to serve their function and would also amount to a serious encroachment on the rights of trademark owners. Specifically, we are concerned that plain packaging would not only reduce the space available for trademarks and branding on cigarette packs and retail containers of cigarettes and other tobacco products, but would also make it mandatory for trademark owners to use their trademarks in an altered form.

Importance of Trademarks

Trademarks and trade dress play an integral role in facilitating consumer choice by distinguishing products from an enterprise that consumers know and trust, from those of unknown or unsatisfactory origin. Plain packaging will thus make it more difficult for consumers to identify the brand of their choice. This inability to recognise a trademark on a product will lead to consumer confusion, and impair and diminish the goodwill acquired in the trademark through investment and effort over time.

Because plain packaging would significantly restrict the pack space available for branding, trademark owners would be forced to give up distinctive elements of their trademarks due to space limitations. Thus, trademark owners would either be prevented from using their trademarks entirely or be forced to alter the distinctive character of their trademarks. Such forced alterations would lead to the revocation of those trademarks, or otherwise require trademark owners to apply for registration of the altered marks, incurring costs and other uncertainties.

It is important to remember that trademark rights are a vital aspect of the global economy, and play a significant role in free trade and competition. By forcing trademark owners to give up or alter the distinctive character of their trademarks, plain packaging not only sets a dangerous legislative precedent for other industries, but also undermines Singapore's intellectual property protection system as a whole and sends a negative signal to the foreign investment community. This is especially relevant now as the World Economic Forum has recently reported in its Global Competitiveness Report 2013-2014 that Singapore has the best intellectual property protection in Asia¹ and as Singapore is positioned as an IP Hub.

Plain Packaging Conflicts with Singapore Law

By preventing the use of trademarks or forcing trademark owners to alter the distinctive character of the trademark from their form as registered in order to use them within the limited pack space, plain packaging puts these trademarks at risk for revocation. This is of particular concern for trademarks that protect the get up/trade dress of goods in Singapore.

The proposed restricted pack space would prevent a trademark owner from using, if at all, such trademarks as they have been registered should there be insufficient pack space available. Under section 22(1) of the Trademarks Act, a registration for a trademark may be subject to revocation by a third party if the trademark has not been genuinely and continuously used for at least five years. In this instance, use of a trademark in a form differing in elements which alters its distinctive character from the form in which it was registered is not considered use under section 22(1). Plain packaging would thus prevent trademark owners from using these trademarks, violating a basic principle of trademark law, and placing them at risk of being revoked for non-use.

Plain Packaging Conflicts with Bilateral Investment Treaty Obligations

Singapore has entered into numerous bilateral investment treaties (BIT) with other countries, imposing an obligation on Singapore to create favourable conditions for private investment in Singapore by nationals and companies of the other contracting states.² Mandating imported tobacco products to adopt plain packaging will effectively prohibit such foreign trademark owners and investors from using the intellectual property on or in relation to its products and packaging. The extinguishment of such use represents a failure by Singapore to accord fair and equitable treatment, as well as to afford protection to, foreign investments, as required under these BITs.

Plain Packaging Conflicts with International Treaty Obligations

In addition to violating Singapore's obligations under the various BITs, plain packaging is also inconsistent with the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention for the Protection of Industrial Property.

Specifically, the proposed amendment conflicts with Article 20 of TRIPS, which states that

¹ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf.

² <http://investmentpolicyhub.unctad.org/IIA/CountryBits/190>.

*“the use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, **use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings...**”*(emphasis added)

Additionally, Article 15 of TRIPS and Article 7 of the Paris Convention provide that the nature of goods to which a trademark is applied shall in no case form an obstacle to the registration of the trademark. It is a well-established principle that registration confers upon the trademark owner an exclusive right to use the trademark for whatever product he wants, irrespective of its kind. In preventing trademark owners from using their trademarks in relation to tobacco products, plain packaging denies trademark owners a fundamental aspect of registration, effectively creating an obstacle to the registration of trademarks under Article 15 of TRIPS and Article 7 of the Paris Convention.

Although Article 8(1) of TRIPS suggests that public health measures are justifiable encumbrances to the use of a trademark under Article 20 of TRIPS, such measures must nevertheless be “*necessary to protect public health*” and be “*consistent with the provisions of [TRIPS]*.” MOH has yet to demonstrate that the adoption of plain packaging for tobacco products will benefit public health, let alone that they are **necessary** to protect public health. MOH has also not shown that there are no less restrictive alternative measures that would achieve the same objective.

Furthermore, the prohibition of the use of complete and legitimate trademarks and trade dress on packaging would violate Article 10*bis* of the Paris Convention and its provisions against unfair competition, a risk not only to trademark owners but also to consumers.

Regionally, Singapore is committed to “recognize and respect the protection and enforcement of intellectual property rights in each Member State” pursuant to Article 2.4 of the ASEAN Framework Agreement on Intellectual Property Cooperation (IP Framework Agreement). Article 2.2 of the IP Framework Agreement also imposes an obligation on Singapore to implement intra-ASEAN intellectual property arrangements in a manner that is in line with the objectives, principles, and norms contained in TRIPS. Therefore, and for the reasons stated above, plain packaging would not only violate TRIPS, but the IP Framework Agreement as well.

Other Consequences

The removal of distinctive elements from trademarks, as well as the limited space for the application of security and authentication features, would also make both counterfeiting and smuggling more attractive. This would increase the risk of an uncontrolled market for illegal products, potentially undermining the purpose and intention of implementing plain packaging, and instead lead to a prevalence of cheaper counterfeit or smuggled items.

Restricting trademark owners from using their original trademarks on their products also limits their business opportunities. For example, the prospect of co-branding becomes almost inconceivable due to the limited ability to create a brand and trade dress that is recognisable and attributable to both entities. Implementing such restrictive provisions contributes to an environment which is hostile to manufacturers and can lead to situations of a lost business opportunity or “loss of chance” as some jurisdictions call it.

Finally, Singapore has certain obligations under the WTO Agreement on Technical Barriers to Trade (TBT Agreement). Article 2.9 of the TBT Agreement imposes an obligation on WTO Member States to notify other Member States of a proposed technical regulation that is not based on relevant international standards and would have a significant effect on trade. Plain packaging is not based on an international standard and would significantly impact trade by requiring substantial alterations to the current packaging of imported tobacco products. Singapore would thus have to comply with Article 2.9 of the TBT Agreement prior to implementing plain packaging.

Conclusion

In light of the foregoing, INTA submits that the plain packaging would deprive trademark owners of valuable property and violate Singapore's trademark legislation and international obligations. We strongly urge the government of Singapore to consider the highly negative effects plain packaging would have on consumers and trademark owners. INTA is confident that the Singapore authorities will be able to identify alternative and less restrictive policy options that can achieve the country's important public health objectives without undermining well-established intellectual property rights.

These comments were drafted with the assistance of the Asia-Pacific subcommittee of the Legislation and Regulation Committee. If you have any questions or concerns, please do not hesitate to contact INTA's Asia-Pacific Advisor, Mr. Seth Hays at shays@inta.org.

Sincerely,



Etienne Sanz de Acedo
Chief Executive Officer
International Trademark Association