

Restrictions on Trademark Use through Plain and Standardized Product Packaging

May 2, 2015

Sponsoring Committee: Limits on Trademark Use Subcommittee of the Emerging Issues Committee.

RESOLUTION

WHEREAS, the International Trademark Association views with concern measures by governments that prohibit or significantly restrict the use of trademarks for lawful products and services due to the nature of these products or services, including plain and highly standardized packaging measures, in that such measures are detrimental to consumers, trademark owners and competition, and expropriate valuable trademark rights without due process; and

WHEREAS, various governments have or are considering plain and highly standardized packaging measures for tobacco products, and are also expanding or considering expanding these measures to numerous categories of products, including, but not limited to, alcoholic and non-alcoholic beverages, food (e.g. snack and fast foods) and pharmaceuticals;

BE IT RESOLVED, that it is the position of the International Trademark Association that:

- 1) Plain and highly standardized packaging measures being considered or imposed by governments should be rejected or repealed since they violate various international treaties and national laws on trademark protection including provisions of the Paris Convention (e.g., Articles 6*quiquies*, 7 and 10bis), the Technical Barriers to Trade Agreement (e.g., Article 2.2), and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) (e.g. Articles 2, 8.1, 15.4, 17, 20 and 26), in particular Article 20 which states that “*the use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements such as ... 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;*” and
- 2) Governments should use less drastic alternatives to address health and safety goals, such as public educational campaigns which do not violate international and national law and expropriate valuable trademark rights.

BACKGROUND

Over many years, INTA has objected to overly restrictive measures that prohibit or restrict the use of trademarks and other brand imagery through numerous submissions to various governments regarding proposed plain and highly standardized packaging measures for lawful products,

including tobacco and other consumer products. In these submissions, INTA emphasized that it does not take a position as to the health effects consumer use of these lawful products. The Association's submissions have expressed great concern regarding the adoption of such measures on established and prospective trademark rights. INTA's concerns are based on the violations of international treaties and domestic laws, as well as the practical implications of plain and highly standardized packaging in impinging upon consumer choice, limiting competition and paving the way for increased counterfeiting and trade in diverted goods.

Violation of International Treaties

In its preamble, TRIPS recognizes that "intellectual property rights are private rights." TRIPS clearly defines trademarks as a form of "intellectual property" (TRIPS Part 1, Article 1 (2)). Thus the denial of trademark rights, including the right to use trademarks and other brand imagery on lawful products, violates TRIPS as well as the Paris Convention, many of whose provisions are incorporated into TRIPS by reference. Specifically, plain and highly standardized packaging likely violates the provisions TRIPS Articles 2, 8.1, 15.4, 17, 20 and 26, the Paris Convention Articles 6*quinquies*, 7 and 10*bis*, and the Technical Barriers to Trade Agreement Article 2.2, among other enactments and treaties intended to protect trademark rights. In a detailed amicus brief submitted to the World Trade Organization Dispute Resolution Panel regarding several cases regarding plain packaging requirements on tobacco products which was imposed by the Australian government, INTA goes into great detail as to how such measures violate the international treaties which set the standards for protection of intellectual property rights.

Depriving trademarks of the possibility to fulfil their core function of distinguishing products vis-à-vis the end consumer for products which are lawful to be placed on the market is incompatible with key multilateral treaties such as TRIPS and the Paris Convention, and regional and national trademark laws. It also amounts to an unlawful confiscation of the very core of the property right to a trademark where such prohibition is done without compensation.

Alternative Measures Available

Nevertheless, numerous governments have adopted or are in the process of adopting plain and highly standardized packaging regimes which will destroy existing brands, prevent adoption of new brands (including brands of prospective new entrants into the marketplace) and confuse consumers by eliminating or significantly reducing their ability to differentiate among competing products in the marketplace. Plain and highly standardized packaging measures in relation to tobacco products also set a dangerous precedent for other goods and services, including alcoholic beverages (already under study by the Government of Indonesia), soft drinks, snack foods and fast foods (the subject of plain packaging proposals by the Canadian Medical Association). Indeed, the Government of South Africa has already instituted standardized packaging restrictions on infant formula.

Governments have the options of public education campaigns, health warnings, increased taxation and other measures to educate or compel consumers to avoid allegedly injurious products. Governments must balance their public health policy objectives with the equally important goals of protecting intellectual property rights which includes trademarks. Governments also need to

weigh the harmful impact to consumers of increased counterfeit products given the relative ease of copying plain packing and the associated reduction in tax revenue and increased costs of enforcement.

Conclusion

Accordingly, upon reviewing the Association's submissions regarding plain and highly standardized packaging measures and in assessing the trend of imposing such restrictions on an expanding list of categories of products, the Subcommittee recommends that the Board of Directors adopt this resolution setting forth INTA's call for current plain and highly standardized packaging restrictions should be rejected or repealed, and that governments should seek less drastic measures that do not violate international and national law.