



International Trademark Association

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Preventative Health Taskforce Secretariat
Population Health Strategy Unit
Department of Health and Ageing
MDP 16
GPO Box 9848
Canberra
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Dear Sirs:

As a global organization, the International Trademark Association (INTA) is grateful for the opportunity to put forward its comments with respect to the issues raised in the Australian National Preventative Health Taskforce's discussion paper entitled "Australia: The Healthiest Country by 2020."

INTA is a not-for-profit membership association of more than 5,800 corporations, law firms and other trademark-related businesses from more than 190 countries throughout the world. INTA is headquartered in New York with offices in Brussels and Shanghai. Its membership crosses all industry lines, including manufacturers and retailers, and is united in the goal of supporting the essential role trademarks play in promoting effective national and international commerce, protecting the interest of consumers, and encouraging free and fair competition.

INTA applauds the Australian federal government's overall objectives that led to the issuance of the Taskforce's discussion paper. The discussion paper focuses on obesity, smoking and the harmful use of alcohol, and puts forward a number of recommendations as to how problems and disease in these areas can be addressed.

Although INTA takes no position on the health issues discussed in the paper, it is very concerned about the Taskforce's recommendation for mandatory plain packaging in relation to tobacco products. These recommendations call for 90% of the entire packaging to be allocated to health warnings with only a small portion of the packaging being allowed for the purpose of branding, and requiring that trademarks only be shown in a plain standard font.

INTA considers that these recommendations, if adopted, would encroach on the rights of trademark owners and their ability to properly and lawfully use their trademarks. In addition to basic word marks, current Australian law allows the registration of many different types of trademarks, including logo marks, devices, stylized trademarks and non-traditional marks, such as aspects of packaging, colors and even scent.

It is common practice for manufacturers of goods and services, including tobacco related goods, to utilize a range of logos, devices and non-traditional trademarks (such as colors) to distinguish among competing goods and services, for the benefit

of consumers who can more easily exercise choice and recognize the quality product they previously purchased. Therefore, plain packaging limits the ability of the consumer to make informed decisions about the product they are purchasing.

Trade Marks Act 1995

The Trade Marks Act 1995 grants a trademark owner various exclusive rights in relation to the use of what is defined in section 21 of the Act as personal property. In particular, sections 20 and 22 of the Act provide as follows:

Section 20

(1) *If a trade mark is registered, the registered owner of the trade mark has, subject to this Part, the exclusive rights:*

(a) *to use the trade mark; and*

(b) *to authorise other persons to use the trade mark;*

in relation to the goods and/or services in respect of which the trade mark is registered.

Section 22

(1) *The registered owner of a trade mark may, subject only to any rights appearing in the Register to be vested in another person, deal with the trade mark as its absolute owner and give in good faith discharges for any consideration for that dealing.*

Implementation of the plain packaging proposals put forward in the discussion paper would thus deprive trademark owners of the exclusive right to use of their various trademarks or their word marks and may expose many trademark registrations to cancellation due to non-use.

Increased Risk of Counterfeit Goods

Plain packaging with small representations of plain standardized word trademarks will make identifying counterfeit products much more difficult in the absence of appropriate marking. The potential increase in the trade of counterfeit goods is not only adverse to the interests of trademark owners, but also may lead to low quality, even dangerous, products being available in the Australian market.

Australia's International Treaty Obligations

The adoption of plain packaging legislation would be a violation of Australia's obligations under international treaties such as the Paris Convention and the World Trade Organization's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). In particular, Article 15(4) of TRIPS expressly provides that "*the nature of the goods or services to which a trademark is applied shall in no case form an obstacle to registration of the trademark.*" Furthermore, Article 20 provides that: "*the use of a trademark...shall not be unjustifiably encumbered by special requirements, such as...use in the manner detrimental to its capability to distinguish goods and services.*"

We recognize that Article 8 of TRIPS does provide that some measures in the interest of public health may be taken but only if they are consistent with the TRIPS Agreement. We do not believe this proposal falls within this exception in the absence of compelling evidence that plain packaging meets the test under Article 8, as tobacco products would still be available.

Moreover, Article 7 of the Paris Convention, to which TRIPS applies and to which Australia is also subject, states that the nature of the goods under a trademark should not form the basis of an obstacle to the registration of that mark. However, under plain packaging, tobacco manufacturers would not be able to register and use non-word trademarks such as trade dress. The direct effect, therefore, is to restrict registrations due solely to "the nature of the goods", i.e. tobacco products.

Clearly implementation of legislation requiring plain packaging of tobacco products would be in breach of Australia's international obligations under these conventions.

Australian Constitution

Implementation of these plain packaging proposals may also give rise to constitutional issues. In particular, section 51(xxix) of the Australian Constitution, governing the acquisition of property on just terms, is relevant. It is arguable that mandatory plain packaging will result in a trademark owner being deprived of the use of its personal property and therefore issues arise as to whether trademark owners should be compensated on just terms for that expropriation.

Conclusion

For the above reasons, INTA's position is that the mandatory plain packaging of tobacco related products, and any other goods, should not be adopted. Introduction of such legislation, apart from the resulting legal difficulties, could give rise to an increase in counterfeit products which would not be in the interests of consumers' health.

Australia has traditionally been a strong advocate and protector of intellectual property rights. INTA is confident that the government will further consider the highly negative effects that plain packaging legislation could have not just within the tobacco industry but across all sectors of consumer goods.

INTA would be happy to answer any resulting questions you may have on these issues. Should you require further information, please contact INTA staff liaison Mr. Mark Neighbors at mneighbors@inta.org.

Sincerely,

Rhonda Steele
President
International Trademark Association