

February 25, 2013

Minister Pradit Sinthawanarong
Ministry of Public Health
Building 1, First Floor, Office of the Permanent Secretary
Tivanond Road, Nonthaburi 11000 Thailand
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Dear Minister Pradit Sinthawanarong:

The International Trademark Association (INTA) is a global organization of 6,000 trademark owners and professionals from over 190 countries, including 20 members in Thailand and 265 members in the ASEAN region. INTA is a not-for-profit membership association dedicated to the support and advancement of trademarks 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 again to the Ministry of Public Health, following our comments of January 13, 2013, on the Draft Tobacco Control Act. The Association's present concern is with respect to a pending Ministerial Notification, the "Notification of Ministry of Public Health Re Bases, Procedures and Conditions Respecting Display of Label and Statements on Label of Cigarette B.E. 2556 (2013)" (the "Draft Regulation") which is a pending regulation under existing law. The Draft Regulation was announced in the media on February 1.

INTA takes no position on the particular health issues that are the focus of the Draft Regulation, but we strongly believe that the Draft Regulation would amount to a serious encroachment on the rights of trademark owners and would frustrate the ability of trademarks to serve their consumer protection function. Specifically, we have concerns about the provisions of the Draft Regulation that would require cigarette packs to bear health warnings covering 85% of the front and back panels of the pack, leaving only 15% of the front and back surface of a cigarette pack available for trademarks and branding.

Importance of Trademarks

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

Because the Draft Regulation would significantly restrict the pack space available for branding, tobacco companies would be forced to give up elements of those brands and trade dress that have already been recognized as distinctive signs, and as such, are registered and protected under Thai trademark law. Thus, trademark owners would be prevented from using their trademarks or, in the alternative, would be

forced to alter their trademarks from the form in which they have been registered and used because of restrictions on pack space. Forced alterations of existing registered trademarks could lead to the cancellation of those trademarks or 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 brand owners to give up or alter their trademarks, the Draft Regulation not only sets a dangerous legislative precedent for other industries but also undermines Thailand's intellectual property protection system as a whole and sends a negative signal to the foreign investment community. This is especially relevant now, as Thailand has officially pronounced 2013 the "Year of Intellectual Property Protection."

Violation of Thai Law

By preventing the use of trademarks or forcing trademark owners to alter them from their form as registered in order to use them within the limited pack space, the provisions of the Draft Regulation would put these trademarks at risk for cancellation. This is of particular concern for trademarks that protect the get up or trade dress of goods in Thailand. The proposed increase in restricted pack space would prevent an owner of a package or label trademark from using such trademarks as they have been registered or from using them at all. Under Section 63 of the Thai Trademark Act, a trademark is subject to cancellation if it is not used for three years, and it cannot survive an action for cancellation if it is not used exactly as specified in the trademark registry. Because existing and pending Thai regulations are so strict, there would be no opportunity to use tobacco trademarks on other goods in order to satisfy the use requirements of Section 63. By forcing brand owners to stop using certain trademarks on tobacco packaging and preventing them from using these trademarks elsewhere, the Draft Regulation would effectively deprive trademark owners of their property without compensation, which would violate the Constitution of the Kingdom of Thailand.

Section 41 of the Thai Constitution B.E. 2550 (2007) specifically provides that "the property right of a person is protected." This protection extends to intellectual property, according to Section 86 of the Constitution.

The provisions of the Draft Regulation would also violate Thai trademark laws by preventing trademark owners from freely using their trademarks or using them as registered. The right to use registered trademarks is fundamental and protected. Section 4 of the Trademark Act B.E. 2534 (1991), amended by the Trademark Act (No. 2) B.E. 2543 (2000), defines a trademark as "a mark used or proposed to be used."

By registering a trademark, the trademark owner has obtained the exclusive right to use and license the use of the trademark in Thailand, as provided for in Section 44 of the Trademark Act. The provisions of the Draft Regulation would prevent right holders from using some of those marks, violating this basic principle of trademark law and putting those trademarks at risk of being cancelled for non-use.

Violation of International Treaty Obligations

In addition to violating Thai Law, the provisions of the Draft Regulation are 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 Draft Regulation conflicts with Article 20 of TRIPS, 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...”

Additionally, Article 15 of TRIPS and the 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 well-established that unless the trademark owner is free to use a mark on the products for which it is registered, irrespective of the kind of product, a fundamental aspect of trademark rights is endangered.

Although it is argued that Article 8 (1) of TRIPS exempts public health measures from a WTO Member's obligations under TRIPS, Article 8 provides guidance in this area, allowing measures which are “necessary to protect public health.... provided that such measures are consistent with the provisions of TRIPS.” A Member seeking to adopt a public health measure under this provision must prove that such measure is necessary to protect the public health and is consistent with TRIPs. The Thailand Ministry of Public Health has provided no evidence that health warning labels covering 85% of the front and back of packs will benefit public health in any way, let alone that they are necessary to protect public health or that less restrictive alternative measures would not achieve the same objective.

Pursuant to Article 2.4 of the ASEAN Framework Agreement on Intellectual Property Cooperation (IP Framework Agreement), the ASEAN Member States including Thailand, committed to “recognize and respect the protection and enforcement of intellectual property rights in each Member State.” Given the commitment in Article 2.2 of that Agreement to implement the intra-ASEAN intellectual property arrangements in line with the norms contained in the TRIPS Agreement, this means that the same obligations that derive from Articles 15 and 20 of TRIPS are incorporated in the IP Framework Agreement. Therefore, the Draft Regulation would violate not only TRIPS, but the IP Framework Agreement as well.

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, which harms consumers as well as trademark owners.

The consequences of the Draft Regulation with respect to recognizing trademarks, as well as the limited space for the application of security and authentication features on packaging, would be to make both counterfeiting and smuggling more attractive. This would create the risk of an uncontrolled market for illegal products, potentially undermining the intention of this regulation to reduce smoking and instead leading to a prevalence of cheaper counterfeited or smuggled items.

Conclusion

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

Sincerely,

