

3 August 2012

Tobacco Packs Consultation  
Department of Health  
7<sup>th</sup> Floor Wallington House  
133-155 Waterloo Road  
London SE1 8UG

To the Department of Health:

**Re: Public consultation on the standardized packaging of tobacco products**

The International Trademark Association (INTA) is grateful for the opportunity to make the following submission to the UK Department of Health (DoH), in response to the public consultation on the standardization of the packaging of tobacco products which the DoH launched on 16 April 2012.

INTA would like to preface our remarks by assuring the DoH that we understand the importance of improving public health, and appreciate the UK's role and responsibility in furthering this vital objective. Our submission responds to **Question 6** of the consultation, namely "*Do you believe that requiring standardized tobacco packaging would have legal implications?*," and our comments are limited to the potential implications for trademark owners, not the public health-related issues. INTA also submits that, in response to **Question 1** of the Impact Assessment, it is strongly against option 2, namely the introduction of standardized packaging for tobacco products in the UK.

INTA makes this submission on behalf of all members of its organization. INTA is a not-for-profit membership association of more than 5,900 corporations, law firms and other trademark-related businesses from more than 190 countries throughout the world. Its membership crosses all industry lines, including manufacturers and retailers, and is united in the goal of supporting the essential role that trademarks play in promoting effective national and international commerce, protecting the interest of consumers, and encouraging free and fair competition.

**Introduction**

We are highly concerned that requiring standardized packaging could have a major impact on the economic benefits derived from trademarks. Trademarks are a vital part of the global economy and play a significant role in free trade and competition. Used in relation to virtually every type of product and service, trademarks facilitate trade, promote efficiency in commerce, and play an important role in job creation both directly and indirectly. For instance, the UK Intellectual Property Office commissioned independent researchers to investigate potential links between trademarks and performance. The resulting report

“Trade Mark Incentives”<sup>1</sup>, published in July 2011, explained that employment is significantly higher in firms that are trade mark active, with the authors stating that the strength of the association is such that a firm that regularly trademarks products has a workforce that is 20% larger than a similar firm which does not. The authors also suggested that the activity of developing and offering new products and brands to the marketplace increases the labor intensity of such firms as they employ more workers.

In our view, regulating a particular product by placing limits on the form or style in which trademarks may be used, and, in effect, preventing the use of some trademarks, sets an extremely unsound legislative precedent. INTA is also concerned that standardized packaging provisions for tobacco products could trigger additional regulations restricting the use of trademarks on other products.

In this submission, INTA will outline in detail the legal implications of introducing standardized packaging provisions for tobacco products, which include:

- I. Impairment of the function of trademarks;
- II. Violations of international treaty obligations;
- III. Breach of UK and EU laws;
- IV. Increased risk of counterfeiting; and
- V. Standardized packaging, an unnecessary measure.

Extracts of the relevant legal texts are set out in full in the attached Appendix.

### **I. Impairment of the function of trademark rights**

Section 1(1) of the UK’s Trade Marks Act 1994, implementing EU Council Directive No. 89/104/EEC of 21<sup>st</sup> December 1988 to approximate the laws of the Member States relating to Trade Marks, defines a “trade mark” as follows:

*“In this Act a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A trade mark may, in particular, consist of any words (including personal names), designs, letters, numerals, the shape of goods or of their packaging.”*

It is commonplace for manufacturers not only of tobacco related products, but of a wide variety of goods and services, to use a range of logos, colors, devices and non-traditional trademarks to distinguish their goods from the goods of their competitors. This not only benefits the manufacturer, but importantly, also enables the consumer to more easily exercise choice and recognize the quality of a product previously purchased. This facilitates consumers in making informed decisions about the product that they are purchasing.

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<sup>1</sup> <http://www.ipo.gov.uk/ipresearch-tmincentives-full-201107.pdf>

The implementation of a standardized packaging regime in the UK would make it much more difficult to distinguish one brand from another, thereby limiting the ability of consumers to buy the product of their choice and significantly increasing the risk of consumer confusion.

It would also, in effect, prevent trademark holders from using any marks other than word marks which they own, as well as any other design elements. This would in turn expose many trademark registrations to cancellation on the basis of non-use. The requirement for use of a trademark, or at the very least, an intention to use the trademark, permeates the UK Trade Marks Act and is one of the cornerstones upon which UK trademark law is built.

There are a number of reasons why trademark owners may wish to file applications in the UK for non-word trademarks (e.g. obtaining a priority date; basis for an International Registration), and INTA would submit to the DoH that it is doubtful whether the actual registration of a trademark would be possible if it could not be used. Section 32(3) of the UK's Trade Marks Act 1994, on the conditions to be fulfilled by an application for registration, provides that:

*“The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used”.*

As a result of a standardized packaging regime, any application filed for non-word trademarks relating to tobacco products in the UK may fall foul of this provision.

For registered marks, the issue would stem from Section 46(1) (a) and (b) of the UK's Trade Marks Act of 1994, which states that:

*“The registration of a trade mark may be revoked on any of the following grounds – (a) that within the period of five years following the date of the completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use; (b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use.”*

Within a standardized packaging environment, the above provision means that valuable intangible assets of tobacco manufacturers (i.e. registered trademarks) would become vulnerable to non-use because they would be prevented from using the marks on their products, regardless of a commercial interest.

## **II. Violation of International Treaty obligations**

The relevant articles from the World Trade Organization's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention are set out in full in the attached Appendix.

## TRIPS

Article 20 of TRIPS provides 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.”*

However, under a standardized packaging regime, word marks would still be allowed to be used by tobacco manufacturers, but only *“in a special form,”* namely in a manner (specific size and font, etc.) defined by the Government.

Additionally, standardized packaging would effectively require tobacco manufacturers to cease using, in the UK, all “non-word” trademarks which are registered nationally, as International Registrations designating the UK, and in the European Union.

The above two scenarios would constitute an encumbrance on the use of tobacco-related trademarks and the issue is, therefore, whether it is justifiable or not.

In this respect, Article 8.1 of TRIPS provides some guidance, allowing measures which are *“necessary to protect public health...provided that such measures are consistent with the provisions of [TRIPS]”*. Presumably, the advocates for standardized packaging are relying on this language for justification. However, a standardized packaging proposal does not fall within the scope of this exception, as it fails to meet the two required conditions, namely:

- It has not been demonstrated that standardized packaging meets the test under Article 8.1 and therefore, that plain packaging is *“necessary”* to the purported objective of protecting public health; and
- The standardized packaging provisions under discussion are inconsistent with the other provisions of TRIPS, notably Article 20.

In summary, without compelling evidence that standardized packaging would achieve the intended public health objective, standardized packaging measures would be inconsistent with TRIPS and would constitute an unjustified encumbrance in breach of Article 20. Considering the lack of discernible evidence linking restrictions on trademark use to the UK’s public health goals, we believe that a standardized packaging regime would not meet the requirements of necessity under the TRIPS Agreement.

## Paris Convention

Article 7 of the Paris Convention (and its equivalent, Article 15(4) of TRIPS) provides that the nature of the goods *“shall in no case form an obstacle to the registration of the mark.”* However, under the standardized packaging regime under discussion, tobacco manufacturers would not be able to register and use non-word trademarks, such as logos, trade dress or get-up. The direct effect, therefore, is to restrict registration due solely to the nature of the goods, i.e. tobacco products.

Article 6*quinquies*(B) of the Paris Convention prohibits trademarks from being either denied registration or invalidated except for a definite number of very narrow exceptions, none of which apply here. A standardized packaging regime would potentially violate this provision on both counts, by rendering registration impossible (due to lack of intention to use), and allowing invalidation by preventing use.

### **III. Breach of UK and EU Law**

Under UK law<sup>2</sup>, a trademark is regarded as an “*object of property*” and trademark owners are entitled to have their registered trademarks granted the consideration and protection due to all other objects of property. Similar provisions exist in the EU Trade Mark Directive (First Directive 89/104/EEC of the Council of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks) and the Community Trade Mark Regulation (Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark).

The right to property is guaranteed by Article 17(1) of the Charter of Fundamental Rights of the European Union<sup>3</sup>, which states that “*Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions.*” Article 17(2) then expressly states that “*intellectual property shall be protected.*”

The Charter, pursuant to Article 6(1) of the Lisbon Treaty, is now binding and has “*the same value as the Treaties.*”

Article 17 of the Charter corresponds to, and provides the same degree of protection as, Article 1 of Protocol 1 of the European Convention for the Protection of Human Rights and Fundamental Freedoms of the Council of Europe (ECHR). The European Court of Human Rights in Strasbourg has confirmed that intellectual property, including trademarks, is covered by the right of property<sup>4</sup>. The Lisbon Treaty proclaims that the ECHR “*shall constitute the general principles of the Union’s law.*”

Therefore, the destruction, or taking of, intellectual property (including trademarks), whether at EU level or by a Member State, would constitute a breach of EU Treaty principles, and INTA submits that standardized packaging requirements, by allowing only the use of the brand/product name in a standard color, font style and size, would deprive trademark owners of their property in their established trademark rights and thereby violate the above provisions of UK and EU law.

Finally, introducing standardized packaging provisions in the UK would plainly contradict Community law in relation to intellectual property rights (IPRs) including trademarks, in particular Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks<sup>5</sup>. In that respect, it must be recalled that the primary purpose of this Directive is to ensure harmonization of the laws regarding trademarks among the EU Member States (see Directive’s preamble as quoted in the Appendix). The proposed

<sup>2</sup> Trade Marks Act 1994, Sections 2(1) and 22

<sup>3</sup> [http://www.europarl.europa.eu/charter/pdf/text\\_en.pdf](http://www.europarl.europa.eu/charter/pdf/text_en.pdf)

<sup>4</sup> See ECHR case law *Anheuser Bush v Portugal*, GC 73049/01, judgment of 11 January 2007 –para. 72

<sup>5</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:299:0025:0033:EN:PDF>

amendment to UK law to introduce standardized packaging would impose a restriction to the exercise of trademark rights within one of the Member States of the European Union, which is not foreseen in EU law. The EU Directive mentioned above does not authorize the type of legislative exceptions to trademark rights such as the one envisaged by the DoH under this consultation.

#### **IV. Counterfeiting**

Combating counterfeit trade on the legislative, regulatory and enforcement fronts is a major ongoing policy initiative for the UK and the EU as a whole, and also for stakeholders like INTA. Such efforts hinge upon the maintenance of a principled, balanced and coherently articulated system of national and international treaties, laws and regulations, particularly in regards to trademarks and related IPRs.

Implementing standardized packaging provisions in the UK would make producing counterfeit goods easier and cheaper, and therefore more attractive to criminals who profit from such activities. In addition, identifying counterfeit goods would become more difficult in the absence of appropriate marking/stylization. This presents the risk of an uncontrolled market for illegal products, potentially undermining the intention of standardized packaging legislation to reduce smoking and instead leading to a prevalence of cheaper counterfeit items.

#### **V. Standardized packaging: an unnecessary measure**

INTA notes that in its Consultation paper, the DoH suggests exploring whether the introduction of standardized packaging in the UK would “*reduce the ability of tobacco packaging to mislead consumers about the harmful effects of smoking.*” INTA would like to emphasize that there are already efficient trademark rules, at UK and EU levels, to prevent the registration of such misleading trademarks<sup>6</sup>. Thus, in the UK:

- Section 3(3)(b) Trade Marks Act 1994 provides that “*a trade mark shall not be registered if it is of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service.*”
- Section 46(1)(d) Trade Marks Act 1994 provides that “*the registration of a trade mark may be revoked [on the ground] that in consequence of the use made of it by the proprietor or with his consent in relation to the goods and services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.*”

In light of those provisions, if registration of a trademark is granted in the UK, it must be assumed that the mark is not misleading to the public. In any case, remedies for any trademark deemed to be misleading to the public already exist in UK and EU trademark law as detailed above. Those remedies allow for any party to seek the invalidation of a

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<sup>6</sup> Sections 3(3)(b) and 46(1)(d) of Trade Marks Act 1994 and Articles 7(g) and 52(1)(b) of CTMR 207/2009 of 26 February 2009 (codified)

registered trademark or oppose the registration of new trademarks which may be considered misleading. It is important to note that those provisions apply irrespective of the category(ies) of products and services to which the trademark relates.

There are additional non-trademark specific provisions in the UK and the EU which may be relied on to avoid the misleading of consumers, such as the UK Consumer Protection from Unfair Trading Regulation 2008<sup>7</sup>, the EU Tobacco Products Directive<sup>8</sup> and the EU Directive on Unfair Commercial Practices<sup>9</sup>.

A general prohibition/invalidation of trademarks related to a specific product category (in this case, tobacco products) is therefore neither necessary nor appropriate to achieve the desired result, since other remedies already exist.

### **Conclusion**

INTA wishes to respectfully remind the DoH that a previous similar consultation, which it ran on this topic within the UK in 2008 (the Consultation on the Future of Tobacco Control), led to standardized packaging measures not being adopted. The study also concluded that *“the evidence base needs to be developed,”*<sup>10</sup> and it is not clear whether this has been done to a sufficient extent for the purpose of the present consultation.

INTA submits that introducing standardized packaging requirements in the UK would severely impair the function of trademarks, increase the risk of consumer confusion, violate several international treaty obligations as well as UK and EU Laws, and significantly increase the risk of counterfeit products being made available on the market (ultimately defeating the original purpose of the proposed measure).

INTA urges the DoH to further consider the highly negative effects that standardized packaging legislation could have not just within the tobacco industry, but potentially across all sectors of consumer goods. Such a far-reaching measure cannot be introduced within the EU, or within one of its Member States, without a thorough and objective impact assessment and proper legal considerations, in particular regarding the implications on intellectual property legislation and international agreements to which the UK and/or the EU are signatories.

In conclusion, given the risks of increasing the availability of counterfeit and black market tobacco products to consumers, the unfair and disproportionate impact on the interests and rights of all trademark owners concerned as well as its likely adverse impact on the balance and integrity of the trademark system, INTA respectfully urges the DoH to take no further steps towards the implementation of the proposed standardized packaging requirements for tobacco products.

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<sup>7</sup> <http://www.legislation.gov.uk/ukxi/2008/1277/contents/made>

<sup>8</sup> Directive 2001/37/EC of the European Parliament and of the Council of 5 June 2001 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products

<sup>9</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 on Unfair Commercial Practices

<sup>10</sup> The UK consultation paper described the research evidence on plain packaging as “speculative” (see [http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_085114--page\\_41,\\_paragraph\\_3.75](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_085114--page_41,_paragraph_3.75))

INTA would be happy to answer any questions you may have on these issues. Should you require further information, please contact Ms. Carla Schwartz at [cschwartz@inta.org](mailto:cschwartz@inta.org).

Sincerely,

A handwritten signature in black ink that reads "Gregg Marrazzo". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Gregg Marrazzo  
President

## APPENDIX

### UK TRADE MARKS ACT 1994

#### **Section 1.** Trade marks.

*“(1) In this Act a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.*

*A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging. “*

#### **Section 2.**

*“(1) A registered trade mark is a property right obtained by the registration of the trade mark under this Act and the proprietor of a registered trade mark has the rights and remedies provided by this Act.”*

#### **Section 3.**

*“(3) A trade mark shall not be registered if it is-*

*(a) contrary to public policy or to accepted principles of morality, or*

*(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”*

#### **Section 22.** Nature of registered trade mark.

*“A registered trade mark is personal property (in Scotland, incorporeal moveable property).”*

#### **Section 32.** Application for registered trade mark

*“(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used. (4) The application shall be subject to the payment of the application fee and such class fees as may be appropriate.”*

#### **Section 46.**

*“(1) The registration of a trade mark may be revoked on any of the following grounds-*

*(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;*

*(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;*

*(c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;*

*(d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.”*

## **AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (1994 - TRIPS)**

### **Article 8.1 – Principles**

*“Members 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”.*

### **Article 15(4) – Protectable Subject Matter**

*“4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark”.*

### **Article 20 – Other requirements**

*“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. This will not preclude a requirement prescribing the use of the trademark identifying the undertaking producing the goods or services along with, but without linking it to, the trademark distinguishing the specific goods or services in question of that undertaking”.*

## **PARIS CONVENTION FOR THE PROTECTION OF INTELLECTUAL PROPERTY (1883)**

### **Article 6quinquies - Marks: Protection of Marks Registered in One Country of the Union in the Other Countries of the Union**

*“ B. Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases:*

*(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, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;*

*(iii) when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.*

*This provision is subject, however, to the application of Article 10bis”.*

### **Article 7 - Marks: Nature of the Goods to which the Mark is Applied**

*“The nature of the goods to which a trademark is to be applied shall in no case form an obstacle to the registration of the mark.”*

## **CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION (2000/C 364/01)**

### **Article 17 - Right to property**

*"1. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest.*

*2. Intellectual property shall be protected."*

## **TREATY OF LISBON (01/12/2009)**

### **Article 6 (ex Article 6 TEU)**

*"1. The Union recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union of 7 December 2000, as adapted at Strasbourg, on 12 December 2007, which shall have the same legal value as the Treaties."*

*The provisions of the Charter shall not extend in any way the competences of the Union as defined in the Treaties.*

*The rights, freedoms and principles in the Charter shall be interpreted in accordance with the general provisions in Title VII of the Charter governing its interpretation and application and with due regard to the explanations referred to in the Charter, that set out the sources of those provisions.*

*2. The Union shall accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms. Such accession shall not affect the Union's competences as defined in the Treaties.*

*3. Fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and as they result from the constitutional traditions common to the Member States, shall constitute general principles of the Union's law."*

## **EUROPEAN CONVENTION FOR THE PROTECTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS OF THE COUNCIL OF EUROPE**

### **Protocol 1 Article 1**

*"Article 1 provides for the right to the peaceful enjoyment of one's possessions."*

**FIRST COUNCIL DIRECTIVE 89/104/EEC OF 21 DECEMBER 1988 TO APPROXIMATE THE LAWS OF THE MEMBER STATES RELATING TO TRADE MARKS**

*“THE COUNCIL OF THE EUROPEAN COMMUNITIES,  
Having regard to the Treaty establishing the European Economic Community, and in particular Article 100a thereof,  
Having regard to the proposal from the Commission (1),  
In cooperation with the European Parliament (2),  
Having regard to the opinion of the Economic and Social Committee (3),  
Whereas the trade mark laws at present applicable in the Member States contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market; whereas it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of Member States;”*