



International Trademark Association  
Representing the Trademark Community since 1878

July 2nd, 2009

Dr. Jesus Mantilla Oliveros  
Minister of the Popular Power for Health and Social Protection  
Caracas, Venezuela

CC: Dr. Divis del Carmen Antúñez  
Director of Health Control

Re: INTA Comments on Resolution N° 056 regarding tobacco packaging regulations

Dear Dr. Oliveros:

The International Trademark Association (INTA) is a 131 year-old membership organization, representing the interest of trademark owners throughout the world, with 5,500 member corporations and professional firms in 190 countries. Currently the Association has 31 member firms in Venezuela. INTA is dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce. As an accredited, non-governmental observer to the World Intellectual Property Organization (WIPO), INTA has contributed to the work of WIPO and advised governments around the world on issues relating to trademark law and practices.

INTA offers the following comments on the Resolution N° 056 published on April 3, 2009 that amended the Resolution N° 110, dated March 22, 2004, which regulates cigarette packing in Venezuela.

Our comments are limited to the potential implications for trademarks owners and consumers resulting from the obligation contained on Resolution N° 056 related to the change on the health warning from the back of the package to the front and the confusion that this situation can create for the consumers that cannot distinguish their preferred brands at the points of sale.

Intellectual property rights are a crucial aspect of the global economy and trademarks play a significant role in free trade and competition. Even if tobacco products could be regulated by laws according to the WHO, the inability to recognize a trademark in a product when it is displayed will lead to consumer confusion and, therefore, diminish the goodwill acquired in a trademark through investment and effort over time.

Our concern regarding the impairment of the recognition of a trademark relates to Article 2 of Resolution N° 056 regarding tobacco packaging”<sup>1</sup> which states that:

*“In the cigarette boxes type (HL) “duras,” the health warning will have to be located in the previous side of the packaging, maintaining the dimensions indicated in the Resolution N° 110 of date March 22, 2004, published in the Official Newspaper of the Bolivarian Republic of Venezuela N° 37,904 of date March 23, 2004.”*

INTA is concerned with the latest provision which weakens trademark awareness within the minds of consumers. Although Resolution N° 110 already placed limitations on trademarks in Venezuela, Article 2 of Resolution N° 056 goes further by requiring that the warning sign be placed on the front of the packaging rather than on the back as required since 2004 under Resolution N° 110.

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 another entity that is not known and/or that could be potentially harmful. The prohibition by law of placing the trademark on the front of the package will make it extremely difficult for consumers to distinguish one brand from another, thereby seriously limiting consumers’ ability to buy the product of their choice and exposing them to risks.

Furthermore, trademarks also indicate the source of goods and/or services and assure consumers of the consistency of a product’s quality. This fundamental function can not be effectively fulfilled if health warnings are placed in the front of cigarette packaging and registered trademarks would be noticeable just after the product has been selected and sold.

Trademark owners are entitled to have their registered trademarks accorded the consideration and protection not only under national law, but also under various treaties to which Venezuela is subject including the World Trade Organization’s (WTO) Trade-related Aspects of Intellectual Property Rights Agreement (TRIPS) and the World Intellectual Property Organization’s (WIPO) Paris Convention for the Protection of Industrial Property.

Consequently, the limitation to the function of trademarks contained in Resolution N° 110 and the latest provision of Resolution N° 056, as explained above, restrict pre-existing rights of trademark owners in the tobacco industry and sets unsound legislative precedents. INTA is concerned this could result in further restrictions in the use of trademarks not only in tobacco but on other products in the future.

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<sup>1</sup> Official Newspaper N° 39.153 dated April 3<sup>rd</sup>, 2009

Additionally, INTA is of the view that this change in legislation only increases the risk of counterfeit and black market tobacco products to consumers, which can be easily sold in the market taking advantage of the confusion created by this resolution.

Our views and comments above are further substantiated by legal provision of International Law of Trademarks and Venezuela's Consumer Law, as described in the following section and Appendix to this letter:

### ***1. Violations of Treaty Obligations***

The prohibition by law of the placement of on the front of the package would imply that tobacco manufacturers can not make their trademarks identifiable before consumers. This regulation would breach international treaty obligations under the Paris Convention and the TRIPS agreement<sup>2</sup> in two aspects:

- a. Unjustifiable encumbrance – Articles 8.1 and 20 of TRIPS; and
- b. Failure to provide effective protection – Article *6quinquies*, Article *10bis* of the Paris Convention and Article 2 of TRIPS.

#### **a. Unjustified encumbrance**

Article 20 of TRIPS provides that there shall not be an unjustifiable encumbrance “by special requirement” in the use of a trademark. Lack of exposure of trademarks to consumers would constitute an encumbrance on the use of a trademark 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].*” However, we do not believe that this proposal falls within this exception. The Venezuelan Health Authorities have not demonstrated that changing the health warning to the front side of the packaging would increase the awareness on the consumers and thus be in accordance with the exceptions on Article 8. Therefore, such regulation would be inconsistent with TRIPS and would constitute an unjustified encumbrance in breach of Article 20.

#### **b. Failure to provide effective protection**

The prohibition by law to expose a trademark to the consumers would fail to comply with Article *10bis* of the Paris Convention and its provisions against unfair competition, a risk not only to trademark owners but also to consumers. This sort of measure makes it more difficult to fight against serious threats against the industry such as counterfeit products and smuggling. Combating counterfeit trade – on the legislative, regulatory and enforcement fronts – is a major ongoing policy initiative for INTA. However, these efforts hinge upon the maintenance of a principled, balanced and coherently articulated

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<sup>2</sup> The relevant articles from TRIPS and the Paris Convention are set out in the attached appendix

system of national and international treaties, laws and regulations, particularly in regards to trademarks and related intellectual property rights.

The impossibility of recognition of a trademark would make both counterfeiting and smuggling more attractive. This presents 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, which are potentially more hazardous to health than established brands.

## ***2. Violations to Venezuelan Consumer Law***

Besides the implications this change has from a trademark perspective, it should be also taken into consideration that Resolution N° 056 leads to a breach of consumers rights established under the Venezuelan Consumer Law.

According to the Venezuelan Consumer Law, consumers should be able to acquire any product in the best possible conditions without restrictions<sup>3</sup> to choose among products that comply with legal standards. Moreover, consumers also have the right to sufficient information to allow them to recognize the range of products in the point of sale and assure them that the product chosen has a certain quality as it belongs to a producer they trust<sup>4</sup>.

From a practical point of view, recognition of tobacco products would be very difficult if consumers cannot notice the trademark and trade dress that identifies them and should wait until the moment of the sale or later to see if it is the product they wanted to buy as the warning on the front of tobacco products obscures the trademark.

## ***Conclusion***

INTA respectfully urges the Health Authorities in Venezuela to revisit the new legislation and consider the highly negative effects it could have on consumers, on trademark owners in the tobacco industry and possibly across all sectors of consumer goods; on enforcement efforts against counterfeited and black market tobacco products, and on Venezuela's international treaty obligations.

The Association hopes that authorities in Venezuela would, at the least, reconsider the change to the previous situation in order to avoid the impossibility of recognition of a trademark which will lead to confusion among consumers, especially because of the restrictions already in place on the tobacco products.

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<sup>3</sup> Article 7 numeral 2 of the Venezuelan Consumer Law

<sup>4</sup> Article 7 numeral 3 and 5 of the Venezuelan Consumer Law

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

Sincerely,



Richard Heath  
President

## APPENDIX

### *Paris Convention for the Protection of Industrial 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 10bis Unfair Competition**

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

- (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

***Agreement on Trade-related aspects of Intellectual Property Rights (1994)***

**Article 2: Intellectual Property Conventions**

“1. In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

2. Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.”

**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 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.”

***Venezuelan Consumer Law***

***La w on the protection to access to personal assets and services***

**Article 7°.** These are persons rights in relation to goods and services declared essential or not:

...

2. The acquisition of the best quality and price, without conditions, taking into account the legal provisions governing the access of foreign and national goods and services.

3. The information shall be sufficient, timely, clear, accurate and comprehensible on the different goods and services available to them, price specifications, quantity, weight, features, quality, risk and other data of interest inherent in their design or performance, composition and contraindications to enable them to raise awareness for their needs fulfillment.

...

5. Knowledge of the political, economic, social and cultural aspects of the production, manufacturing, importing, storing, transporting, distributing and marketing processes of these goods and the generation and delivery of services to effectively exercise social oversight as well of the advocacy mechanisms and popular organization to act before the public entities and...