



International Trademark Association

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Jean-Philippe Mochon
Legal Affairs Department
Permanent Representation of France to the EU
Place de Louvain 14
B-1000 Brussels, BELGIUM

5 November 2008

RE: INTA Comments on the WHO Framework Convention on Tobacco Control

Dear Mr. Mochon:

INTA is a not-for-profit association of trademark owners and professionals from more than 190 countries throughout the world, including all 27 Member States of the European Union. Our Association is headquartered in New York with representative offices in Brussels and Shanghai. Representing the trademark community since 1878, INTA is dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce. INTA's membership includes over 5,500 trademark owners and professionals spanning all fields of commerce and industry, including consumer goods makers, service providers, manufacturers and retailers.

INTA offers the following comments on the World Health Organization's (WHO) Framework Convention on Tobacco Control (FCTC) in advance of the Conference of the Parties to the WHO Framework Convention on Tobacco Control, to be held in Durban 17-22 November 2008.

INTA would like to preface our remarks by assuring the Government of France that we understand the importance of ameliorating public health and appreciate the WHO's role and responsibility in furthering this vital objective. Speaking in our capacity as a representative of a broad spectrum of brand owners and other stakeholders in the global trademark law system, our comments are limited to the potential implications for trademarks resulting from proposals outlined within the Convention and not the public health-related issues.

Intellectual property rights are a crucial aspect of the global economy, and trademarks play a significant role in free trade and competition. Requiring plain packaging for tobacco products could have a major impact on the economic benefits derived from trademarks. Used in 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.



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Our principal concern about requiring plain packaging is contained in section 46 of the “Elaboration of guidelines for implementation of Article 11 of the Convention”¹ which suggests that:

Parties should consider adopting measures to restrict or prohibit the use of logos, colours, brand images or promotional information on packaging other than brand names and product names displayed in a standard colour and font style (plain packaging). This may increase the noticeability and effectiveness of health warnings and messages, prevent the package from detracting attention from these and address industry package design techniques that may suggest that some products are less harmful than others.

This point is further addressed in Section 17 of the “Elaboration of guidelines for implementation of Article 13 of the Convention”² which recommends that:

Packaging and product design are important elements of advertising and promotion. The effect of advertising or promotion on packaging can be eliminated if plain packaging is required. Packaging, individual cigarettes or other tobacco products should carry no advertising or promotion, including design features that make products attractive.

Regulating a particular product by placing limits on the form or style in which its trademark(s) may be used sets an unsound legislative precedent. INTA is concerned that plain packaging provisions for tobacco products could trigger additional regulations constricting the use of trademarks on other products.

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 an unaffiliated entity. Plain packaging would make it extremely difficult to distinguish one brand from another, thereby seriously limiting consumers’ ability to buy the product of their choice.

Furthermore, trademarks also indicate the source of goods and/or services and assure consumers of the consistency of a product’s quality and proper accountability. This fundamental function could not be effectively fulfilled if registered trademarks were banned from the packaging of tobacco products, or if such trademarks were only permitted in a prescribed, unitary form that does not correspond to intended, registered graphic representation of the trademarks.

Trademarks are not only words, names, and logos, but can also be colors or the very shape or design of the package itself (trade dress or “get-up”). Any graphical component that adds to the distinctiveness of a product can be registered as a

¹ http://www.who.int/gb/fctc/PDF/cop3/FCTC_COP3_7-en.pdf. 21 August 2008.

² http://www.who.int/gb/fctc/PDF/cop3/FCTC_COP3_9-en.pdf. 2 September 2008.



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trademark, illustrating the role that different types of trademarks play in the consumer experience. While plain packaging legislation would arguably still allow the use of word marks on packages, it would nevertheless prevent right holders from using any of their many other registered trademarks as well as other design elements, which in turn could cause consumer confusion.

A trademark is regarded as an “object of property” and trademark owners are entitled to have their registered trademarks accorded the consideration and protection due to all objects not only under national law, but also under various laws and treaties to which France is subject including the World Intellectual Property Organization’s (WIPO) Paris Convention for the Protection of Industrial Property, the Community Trade Mark Regulation (Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark), and the World Trade Organization’s Trade-related Aspects of Intellectual Property Rights Agreement (TRIPS).”

Consequently, INTA believes that the plain packaging proposal outlined in the FCTC, which would allow only the use of the brand/product name in a standard color and font style, would in fact deprive trademark owners of their property in their established trademark rights. The plain packaging provisions would unduly and punitively restrict and vitiate the pre-existing rights of trademark owners in the tobacco industry.

Violations of Treaty Obligations

Plain packaging would effectively require tobacco manufacturers to cease using many of their trademarks which are registered in France. We are of the view that such a policy would breach international treaty obligations under the Paris Convention and also the TRIPS Agreement. (The relevant articles from the Paris Convention and TRIPS are set out in the attached appendix.)

We believe that plain packaging is inconsistent with the Paris Convention and TRIPS in three specific ways:

1. Obstacle to registration – Article 7 of the Paris Convention and Article 15(4) TRIPS;
2. Unjustifiable encumbrance – Articles 8.1 and 20 of TRIPS; and
3. Failure to provide effective protection – Article 6*quinquies*, Article 10*bis* of the Paris Convention and Article 2 of TRIPS.

1. Obstacles to Registration

Article 7 of the Paris Convention (and its equivalent, Article 15(4) of TRIPS) provides that the nature of the goods shall not form an obstacle to trademark registration. There



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is no qualification of obstacle, and so that can be a direct obstacle or an indirect obstacle. Crucially, the requirement under Article 15(4) of TRIPS is absolute and is not, for example, subject to Article 8.1 (see below).

Plain packaging legislation could have a profound impact on pre-existing and future national and European Community Trade Mark (CTM) rights. Apart from a word mark, tobacco manufacturers will not be able to register and use a trademark for tobacco products in France. The direct effect, therefore, is to create an obstacle to registration of trademarks for tobacco products.

Additionally, use requirements would effectively mean that tobacco trademarks might be able to *stay* registered as they could not be used. Because plain packaging legislation is unprecedented, the exact effect such a proposal would have on national and Community trademark systems is unclear. However, a possible scenario could arise in which trademarks become vulnerable to cancellation for non-use at the national and/or EU level.

2. Unjustified encumbrance

Article 20 of TRIPS provides that there shall not be an unjustifiable encumbrance “by special requirement” in the use of a trademark. Plain packaging would constitute an encumbrance on the use of the trademark 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]*”. To the extent that there is any justification for plain packaging, it is most likely to fall under this aspect. However, we consider that this proposal does not fall within this exception as, at least as far as one can tell from the Convention, the WHO has not demonstrated that plain packaging meets the test under Article 8. On the contrary, in the absence of compelling evidence that plain packaging would achieve the WHO’s public health objective, such a measure would be inconsistent with TRIPS and would constitute an unjustified encumbrance in breach of Article 20.

3. Failure to provide effective protection

Plain packaging would fail to comply with Article 10*bis* of the Paris Convention and its provisions against unfair competition, a risk not only to trademark owners but also to consumers.

Among other factors that would impede effective national-level enforcement of plain packaging legislation is the existence of massive counterfeit, black market and grey



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market trade of consumer goods, including tobacco products – indeed, the 2007 European Commission Taxation and Customs Union Report on Community Customs Activities on Counterfeit and Piracy notes that cigarettes are one of the two main sectors for large seizures of counterfeit goods, accounting for 34.35% of the total seized articles.³

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

Plain packaging would make both counterfeiting and smuggling more attractive. This presents the risk of an uncontrolled market for illegal products, potentially undermining the intention of plain packaging legislation to reduce smoking by instead leading to a prevalence of cheaper counterfeited or smuggled items.

Conclusion

INTA hopes that the government of France 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.

Given the risks of counterfeited and black market tobacco products to consumers, the unfair and disproportionate impact on the interests and rights of trademark owners in the tobacco industry as well as its probable adverse impacts on the balance and integrity of the trademark system, INTA respectfully urges France against the implementation of the plain packaging proposal outlined in the WHO Framework Convention on Tobacco Control.

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

Sincerely,

Rhonda A. Steele
President, International Trademark Association

³http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics2007.pdf



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APPENDIX

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

1. 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.”

2. 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.”

3. Article 15: Protectable Subject Matter

- “1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make register ability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.



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2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

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 TM.”

Paris Convention for the Protection of Industrial Property (1883)

4. 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.”



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5. Article 7: 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.”

6. Article 10*bis*: 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.”