

Brand Restrictions

November 2019

Sponsoring Committee:

The Brand Restrictions Subcommittee of the Emerging Issues Committee

RESOLUTION:

WHEREAS, brands provide tremendous value to national economies by exponentially adding jobs and entrepreneurial opportunities that drive gross domestic product and also international trade as demonstrated in the milestone studies by the U.S. Department of Commerce and the European Commission, as well as studies performed by the International Trademark Association on the value of trademarks in Latin America and Asia-Pacific;

WHEREAS, the International Trademark Association views with great concern measures by governments that seek to prohibit, misappropriate or significantly restrict the use of branding symbols for lawful products and services in that such measures are detrimental to consumers, trademark owners and competition, and unreasonably expropriate valuable personal property rights;

WHEREAS, in addition to national laws, several international treaties (e.g. Paris Convention Articles 6quinquies, 7 and 10bis; Technical Barriers to Trade Agreement Article 2.2; Agreement on Trade-Related Aspects of Intellectual Property Rights Articles 2, 8.1, 15.4, 17, 20 and 26) have clear provisions against imposing restrictions on trademarks and any unjustified encroachment thereon;

WHEREAS, the International Trademark Association notes that restrictions on branding are expanding beyond tobacco products to other products (e.g. alcoholic and non-alcoholic beverages, food, pediatric nutritional replacements, medical devices, cosmetics, pharmaceuticals, etc.) and certain services, and are being adopted by an increasing number of countries, de facto becoming a much broader phenomenon since INTA's Board Resolution of May 2, 2015 titled "Restrictions on Trademark Use through Plain and Standardized Product Packaging."

WHEREAS, brand restrictions now impact or threaten to impact statutory and common law protection regarding the use of word marks, logos, packaging, product shape, colors and other source-identifying mechanisms (including sounds, smells, three-dimensional marks and other non-traditional marks) that constitute the totality of a brand's image;

WHEREAS, restrictions on branding jeopardize consumer choice, impede market competition,

benefit counterfeiting and other illegal trade activity, erode brand value, and restrict freedom of expression;

WHEREAS, such restrictions are being imposed or considered without adequate marketplace impact assessments and credible evidence to reasonably demonstrate that such measures will effectively achieve their intended results;

WHEREAS, restrictions on brand symbols are being imposed or considered without due consideration even though there are other, less drastic, means of providing equal or greater protection to public health and safety without the need to restrict the rights of brand owners;

BE IT RESOLVED, that it is the position of the International Trademark Association that trademarks are intangible personal private property rights (positive rights), not merely the right to exclude others from using confusingly similar marks (negative rights), and should be protected to the same extent and degree as all other forms of personal private property, both by law and treaty.

BE IT FURTHER RESOLVED, that any measure, or measures imposed by a government restricting the means or manner in which a brand symbol can be used or displayed on a product or in association with services (including prohibiting the use of the brand symbol, or the capitalization, font, size, location and color of elements of the brand symbol), should *prima facie* not be valid unless the relevant governmental authority can establish that each such measure:

A. is based upon a compelling public interest that outweighs the brand owner's property right and economic investment in the brand symbol and the benefits to the public associated with exercise of that right, such as fostering consumer choice, protecting fair competition, preventing counterfeiting and other illegal activity, and encouraging freedom of expression; and

B. is both (1) proportional to the alleged harm which exploitation of the owner's intangible personal private property right is alleged to cause, and (2) on a balance of probabilities and based on compelling and credible quantifiable evidence, no more restrictive on economic value and use of the brand symbol than is necessary for the relevant governmental authority to achieve its legitimate public health or safety objectives.

BACKGROUND:

The issue of brand restrictions was studied by the Brand Restrictions Response Presidential Task Force in 2017, and has been regularly monitored by the Brand Restrictions Subcommittee and the Legislation and Regulation Committee, both of which have been keeping track of numerous proposed and enacted health policy laws and regulations that impact upon intellectual property rights.

INTA also has continuously published articles through the INTA Bulletin and organized many global dialogues, roundtables, seminars and conferences on the issue of brand restrictions to encourage intellectual discourse in this area while addressing any misconceptions surrounding

the efficacy of laws and regulations that impose brand restrictions.

Further to the Board Resolution on the Restrictions on Trademark Use through Plain and Standardized Product Packaging dated May 2, 2015 (the “Plain Packaging Resolution”), INTA has continued to resist overly intrusive brand restrictive policies adopted by governments across the world. The trend of governments imposing brand restrictions including plain and standardized packaging has now expanded to such an extent that INTA believes the Plain Packaging Resolution needs supplementation to address the growing threat of encroachment on the valuable and protected rights of brand owners and consumers.

In recent years, INTA has observed an alarming increase in the regulatory encroachment on intellectual property rights through the adoption of restrictions on brand use, including the use of specific words, pictures, colors or other brand indicia. In addition to the Plain Packaging Resolution, INTA continues to view with great concern other restrictive measures that limit or prohibit the use of trademarks and brand imagery. While INTA appreciates the need to balance public health promotion policies and trademark rights, in view of recent developments INTA deems it imperative to reinforce its rejection of brand restrictions that erode the value of brand and impinge on consumer choice, limit competition and pave the way for increased counterfeiting and trade in diverted goods.

The Committee reiterates the rationale behind the Plain Packaging Resolution, and emphasizes that the adoption of overly restrictive constraints on branding potentially violate international treaties and impinge on private property rights (positive rights). The imposition of plain packaging regulations on tobacco products created a precedent for increased regulation in other market sectors. Despite the adoption of the Plain Packaging Resolution in 2015, and widespread resistance to such measures by large numbers of stakeholders and experts, similar tobacco-inspired brand restrictive laws and regulations have been implemented in many countries. Emboldened by this movement, health regulators have increasingly directed their attention to nontobacco industries in their attempt to expand what they view as their public health protection mandate. Such drastic measures include overzealous restrictions on the use of certain brand symbols.

Proponents of brand restrictive measures often argue that such means are aimed at reducing the use of, and exposure to, products and services conventionally deemed as unhealthy. INTA maintains that legislation and regulation that restrict branding and use of trademarks needs to be driven by clear and convincing evidence of efficacy, including quantifiable regulatory impact assessments, in order to meet the requirement of proportionality of any interference into valuable protected property rights in accordance with the relevant treaties and national constitutions and laws. By way of example, the OECD Obesity Update 2017 showed no decrease in rates of obesity despite the imposition of brand restrictions on foods deemed unhealthy. Nonetheless, this fact has not prevented governments from using brand restrictions as a highly questionable and insidious precedent for increased regulatory encroachment into other industries, thereby opening the floodgates to restrict branding of any kind that may be

deemed undesirable at the expense of consumers and brand owners. Such measures fail to take into consideration whether the brand restrictions being imposed are both proportional to the alleged harm which exploitation of the intellectual property right may cause, and no more restrictive on trade than is necessary to fulfil a legitimate government interest. Governments should also be forced to always apply the least drastic alternative, and show that other measures such as public education campaigns, reasonable health warnings, fiscal pressure or other available tools for addressing health risks that may accompany use of certain consumer products, have proven ineffective.

CONCLUSION:

Restrictions on the use of brands and the inherent symbols and markings of protected trademarks are to be considered within the same limits as measures restricting other private property rights, specifically, the limits of proportionality and efficacy. Therefore, wherever practicable, governments should use the least drastic alternatives available to address public health and safety goals, such as public educational campaigns, which unlike brand restrictions do not violate international and national law, curb freedom of expression, and expropriate valuable personal private property rights in brand symbols.

For the reasons above, and those previously laid out in the Plain Packaging Resolution and reemphasized here, the Subcommittee recommends that the Board adopt this Resolution setting out the factors to be considered when governments consider adopting or imposing any branding restrictions in order to prevent the erosion of brand value and personal private property rights, ensure consumer choice, and enhance fair competition among competing products.