

IP Aspects of the Tobacco Packaging Disputes

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The Plain Packaging Disputes

Plain Packaging in **Australia**



Warnings on cigarette packets in Uruguay.
Foto: Aldo Orellana.

Measures in **Uruguay**

- **single presentation requirement:** prohibition to sell more than one pack variation per cigarette brand (to respond to 'colour-coding' of brand lines)
- **Mandatory health warnings:** covering up to 80% of the front and back panels of cigarette packages

PMI vs Uruguay: A 'right to use' a TM?

Do PMI's TMs (= the investment) confer a **right to use**, capable of being (indirectly) expropriated?

- *'The Tribunal concludes that under **Uruguayan law** or **international conventions** to which Uruguay is a party the trademark holder does **not enjoy an absolute right of use**, free of regulation, but only an exclusive **right to exclude** third parties from the market so that only the trademark holder has the possibility to use the trademark in commerce, **subject to the State's regulatory power**.'* (para.271, see also 262, 267)
- *'**Trademarks being property, their use by the registered owner is protected**. As intellectual property assets, trademarks are "inherently associated with trade for they imply a situation of intermediation between producers and consumers." **It must be assumed that trademarks have been registered to be put to use**, even if a trademark registration may sometime only serve the purpose of excluding third parties from its use.'* (para.273, see also 274)

PMI vs Uruguay: Inherent Police Powers

Do States enjoy an **inherent right to regulate** (proportionate and non-discriminatory) in order to protect public health?

- *'In the Tribunal's view, the adoption of the Challenged Measures by Uruguay was a valid exercise of the State's police powers, with the consequence of defeating the claim for expropriation under Article 5(1) of the BIT.'* (para.287)
- Even though Art.5(1) is not explicitly subject to the State's police powers, an **interpretation based on Art.31(3)c) VCLT** allows to **import such powers from customary int law** (290), and those powers include a right to protect public health (298).

→ As the right to protect public health *'reflect[s] the position under general international law'* (301), does it form an **implicit limitation to IPRs under TRIPS?** Has it been **contracted out** or **incorporated into** TRIPS?

PMI vs Uruguay: Umbrella Clauses & IPRs

Are TM rights '**commitments**' which Uruguay '**has entered into with respect to the investments**' of PMI (so that Uruguay needs to constantly guarantee their observance)?

'a trademark is not a unique commitment agreed in order to encourage or permit a specific investment. Unlike the case of an authorisation or a contract, where the host State may undertake some specific obligations, Uruguay entered into no commitment "with respect to the investment" by granting a trademark. It did not actively agree to be bound by any obligation or course of conduct; it simply allowed the investor to access the same domestic IP system available to anyone eligible to register a trademark.' (para.480)

TRIPS: IP Rights are Negative Rights

The Case of TM Protection

Article 16 - Rights Conferred

The owner of a registered trademark shall have the **exclusive right to prevent all third parties** not having the owner's consent **from using** in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trade-mark is registered where such use would result in a likelihood of confusion. (...)

Article 17 - Exceptions

Members may provide limited **exceptions to the rights conferred by a trademark**, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

Use Requirements under Art.20 TRIPS

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. (...)

- Art.20 is no defense – but an obligation not to introduce **restrictions on TM use that cannot be justified**
- In cases of **uncertainty** (*non-liquet*), the complainant loses!
- **Justifiability does not require necessity** (no strict relation between goals and means)

Tobacco Packaging in the EU: the next frontier?



Tobacco Packaging under new EU Dir:

Art.10 requires that combined health warnings for tobacco products “cover **65 %** of both the external front and back surface of the unit packet and any outside packaging”

“**Brand names or logos** shall not be positioned above the health warnings”

Art.23 allows EU Members, subject to proportional limits on free movement, to introduce stricter rules, incl. **plain packaging**

The **UK** recently adopted plain packaging legislation – while **Ireland** and **France** are considering it...

...and **Phillip Morris** warns it is prepared to sue **EU countries** over plain packaging.

Thank you for your attention!

Questions and Comments to

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Further reading

**THE PROTECTION OF INTELLECTUAL PROPERTY IN
INTERNATIONAL LAW**

(OUP, 2016)