



European Communities Trade Mark Association

15 December 2010

**ECTA POSITION PAPER ON
DIRECTORATE GENERAL FOR HEALTH AND CONSUMERS'
PROPOSAL TO REVISE THE TOBACCO PRODUCTS
DIRECTIVE 2001/37/EC BY INTRODUCING PLAIN
PACKAGING IN THE EU**

ECTA invites the Commission to abandon this option and to seek means other than compressing and expropriating trade mark rights to implement its health policies.

It is the European Communities Trade Mark Association's (ECTA) interest to safeguard the integrity of European trade mark law and the European trade mark law system, as well as the respect of brand owners' trade mark rights. The comments contained in this paper therefore solely address the trade mark law issues and do not take into consideration public health issues which ECTA does not feel to have the expertise and the capabilities to assess and evaluate.

In light of the above, ECTA submits the following comments on DG SANCO's proposal to revise the Tobacco Products Directive 2001/37/EC by introducing plain packaging in the EU, and more particularly Option 3 in subsection 3.2 of the on-line Public Consultation Document, which states that "*Plain or generic packaging would standardise the appearance of tobacco packaging. Manufacturers would only be allowed to print brand and product names, the quantity of the product, health warnings and other mandatory information such as security markings. The package itself would be plain coloured (such as white, grey or plain cardboard). The size and shape of the package could also be regulated.*"

ECTA understands that any such plain packaging requirements, if implemented, would seek to prohibit use of all trade marks (and other IPRs) on tobacco products, other than word marks in standard type face.

Trade marks are more than merely word marks, and registered trade marks that can be used on packaging include graphic representations, shapes, device marks and colour marks. Trade marks exist to indicate the source of goods and services and assure consumers of the consistency of a product's quality. Trade marks assist consumer choice by enabling one to distinguish the products of one enterprise from those of another, or to distinguish one brand from that of another.

ECTA fears that plain packaging could seriously limit consumers' ability to buy the product of their choice and could lead to confusion in the marketplace. Moreover, it could facilitate illicit trade in inferior counterfeits and more demands for black market tobacco products in the marketplace.

In that regard, it is interesting to note that in 2009, the French customs authorities seized 264 tons of tobacco with an estimated value of 61 million EUR (latest statistics available).



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The same year, 118 million articles were seized in the EU, 35% of which were cigarettes and other tobacco products.

It is well established that trade marks are possessions or objects of property which give rise to a number of important and very valuable exclusive rights. As such, trade marks are entitled to protection by law. The plain packaging proposal would effectively deprive trade mark owners of a number of their trade marks and the goodwill and commercial value associated therewith. It would expose such trade marks to the inevitable erosion of their distinctiveness. It would also potentially leave trade mark owners defenceless against players in other industries who decide to adopt their trade marks. In addition, such measures may also create inequities amongst trade mark owners by favouring those who have focused their branding efforts on word marks. Such a restriction on trade mark owners, and in particular the attempt to prescribe the way in which a trade mark owner uses its marks or worse, prohibits altogether their use, would be unprecedented anywhere in the world.

ECTA also considers that the introduction of plain pack legislation would involve various violations of international treaty obligations. In particular the restrictions imposed on the registration and use of trade marks based on the nature of the goods and services for which such marks are registered is contrary to the harmonized EU and international systems of trade mark protection, including in particular Articles 15(4), 20 and 8(1) of the World Trade Organisation's agreement on Trade Related Aspects of Intellectual Property Matters ('TRIPS') and Articles 6^{quinquies} and 7 of the Paris Convention. More specifically, allowing registration of a trade mark with an absolute prohibition on use, no matter what, is the equivalent of not allowing the registration in the first place since the rights granted would be "void". Moreover, such a prohibition on use would constitute a bar to registration, for example at the EU level where Article 7.1(f) CTMR provides that "signs contrary to the law and to the public order" cannot be registered as trade marks. This is in clear violation of Article 15(4) TRIPS and Article 7 of the Paris Convention. An absolute prohibition to use a trade mark goes way beyond what is meant by encumbering its use by special requirements, which is in clear violation of Article 20 TRIPS.

Additionally, ECTA would like to point out that for a trade mark to remain validly registered there is a requirement that the mark be used as registered. If plain packaging legislation were introduced, then many of the tobacco trade marks which are currently registered, could not stay registered, as they would become vulnerable to attack and be revoked for non-use or such trade marks could not be properly enforced against third party in the context of opposition and infringement proceedings. As such the introduction of plain pack legislation would amount to an effective expropriation of trade mark rights through legislation, contrary to Article 1 of the First Protocol to the European Convention on Human Rights. If nevertheless the present draft legislation would come into force, the owners of tobacco trade marks that have not been registered in plain block letters, could obviously file new block letter trade marks, but they would lose the priority of their prior registrations and would be in danger of conflicting with other trade marks filed in the meantime.

The European Court of Human Rights (Grand Chamber) in *Anheuser-Busch v Portugal* ([2007] ETMR 24) has indeed held that Article 1 of the First Protocol applies to intellectual property, including trade marks, and that an application for registration of a trade mark (and thus, the registration itself) is a substantive interest protected by the aforesaid Article, as giving rise to rights of a proprietary nature. The implementation of plain packaging would also have an impact on the protection of trade marks with a reputation for tobacco, as the CTM Regulation and the Harmonization Directive extend the protection of reputed registered trade marks to non-similar goods or services.



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The prohibited use of reputed tobacco trade marks as registered for tobacco products – resulting in possible trade mark revocation – would make it possible for third parties to take unfair advantage of these trade marks, as they could use the same for products other than tobacco and thus create confusion as to the origin of their products.

Finally, the introduction of plain packaging on tobacco products could be used to set similar restrictions on consumer products and or services, and thus introduce a dangerous precedent not only against trade mark owners but in general against free enterprises and freedom of consumers' choice. ECTA is seriously afraid that implementing legislation which now is only aimed at tobacco products but may be extended to all sorts of goods (or services) is a dangerous slippery slope which could bring unacceptable interference to the lives of EU consumers.

ECTA therefore cannot support the envisaged proposal and invites the Commission to abandon this option and seek means other than compressing and expropriating trade mark rights to implement its health policies.

About ECTA

ECTA, the European Communities Trade Mark Association, was formed in 1980. ECTA numbers approximately 1.500 members, coming from the Member States of the European Union with associate members from all over the world. It brings together all those persons practicing professionally in the Member States of the European Community in the field of trade marks, designs and related IP matters. These professionals are lawyers, trade mark advisors, trade mark attorneys, in-house counsels and others who can be considered specialist practitioners in these areas.

For more information, please consult www.ecta.eu.