



EUROPEAN COMMUNITIES TRADE MARK ASSOCIATION

Antwerp, 8 September 2008

**UK DEPARTMENT OF HEALTH CONSULTATION
ON THE FUTURE OF TOBACCO CONTROL**

The European Communities Trade Mark Association (ECTA), a non profit organisation representative of the profession representatives on Trade Marks and Designs in the European Union from industry and private practice and its Law Committee submit the following comments on the UK Department of Health's "Consultation on the future of tobacco control" (the 'Consultation Document').

ECTA represents a broad range of trade mark lawyers who themselves represent many brand owners. ECTA's principal interest is the integrity of European trade mark law and the European trade mark law system, and the comments contained in this paper are directed solely to trade mark law issues.

As such, nothing in this document should be taken as commenting on the Department of Health's public health objectives nor does ECTA intend that this paper should be read as taking any position on any statement or comments made in the Consultation Document on how to prevent the young from smoking, save insofar as it legitimately relates to trade mark law.

This response is directed to the section of the Consultation Document regarding the possibility of future regulation requiring plain packaging of tobacco products, in particular, as described in section 3.64 of the Consultation Document, which states that "*Except for the brand name (which would be required to be written in a standard typeface, colour and size), all other trade marks, logos, colour schemes and graphics would be prohibited. The package itself would be required to be plain coloured (such as white or plain cardboard) and to display only the product content information, consumer information and health warnings required under the law*". Any such plain packaging requirements, if implemented, would seek to prohibit use of all trade marks (and other IPRs) on tobacco products, other than brand names in standard type face on tobacco products. Our concern is that such a measure would effectively deprive trade mark owners of a number of their marks and the associated goodwill and commercial value.

Trade marks exist to indicate the source of goods and services, as well as to distinguish between brands from the same source. Trade marks assist consumer choice in that they

enable consumers to distinguish the products of one enterprise from those of another, or to distinguish one brand from that of another.

Trade marks are more than merely word marks, and registered trade marks that could be used on packaging cover graphic representations, device marks and colour marks.

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 proposals outlined in the Consultation Document would clearly deprive trade mark owners of many of their established trade mark rights and associated goodwill. 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 is unprecedented anywhere in the world.

In particular, ECTA notes that at paragraph 3.66 of the Consultation Document the Department of Health commented favourably on the results of a Canadian study on the merits of adopting plain packaging for tobacco products. However, Canada did not introduce plain packaging following concerns, noted in the Report of the Canadian Standing Committee on Health, that this could place Canada in breach of certain international treaty obligations. As outlined below, some of those considerations would also arise in the UK.

ECTA's concerns about plain packaging extend beyond the proposed regulations for tobacco products. In our view the introduction of plain packaging on tobacco could set a precedent for other consumer products, and thus introduce greater restriction on trade mark use.

In addition, ECTA has indeed noted the Department of Health's admission that "*the research evidence into this initiative is speculative, relying on asking people what they might do in a certain situation*". In the light of this information, ECTA questions whether the introduction of plain packaging which inevitably restricts or prevents the use of legitimately registered trade marks for legal products will achieve any beneficial result.

In addition, the UK must comply with the fundamental European Community objective of achieving a real internal market which, regarding trade marks, is clearly mentioned under Article 1, paragraph 2, of the EC Regulation No. 40/94 whereby a Community trade mark is said to have "*an equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community*". Implementing plain packaging in the UK would be in breach of this Regulation, insofar as the use of certain Community trade marks (i.e. one that do not solely consist of a word or words) legitimately registered for tobacco products would be prohibited in one Member state but not in any others.

ECTA also considers that the introduction of plain pack legislation would involve various violations of 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 harmonised 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. As noted above, this was a matter of some concern when the matter was considered in Canada.

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. 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 cancellation for non-use after five years. 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. 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 Trade Marks Act 1994 extends the protection of reputed registered trade marks to non-similar goods or services. The prohibited use of reputed tobacco trade marks 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, of all counterfeit products seized by the customs in the European Union, cigarettes already are the largest in quantity (European Commission, Taxation and Customs Union, *Report on Community Customs Activities on counterfeit and piracy, results at the European Border - 2007*, page 18). In 2007, the European Commission reported that over 27 million counterfeit cigarettes were seized by the various national customs authorities in the EU, representing 34.35% of all counterfeit products seized.

In this regard, ECTA would like to address the increased opportunity which would be given to manufacturers and importers of counterfeit tobacco products, should plain packaging be introduced.

The complexity of tobacco packaging is one element in the brand owner's (and Customs') arsenal of protection which enables it to establish whether product is genuine or counterfeit. Counterfeit tobacco products are also unlikely to comply with legal standards and are therefore bound to be more damaging to public health. The sale of counterfeit tobacco products is connected to organised crime organisations that have the means to reproduce tobacco packaging. The introduction of plain packs for tobacco products would assist the counterfeiters in that they would be much more easily able to copy the packaging of lawfully supplied and manufactured product.

Such an effect would obviously be contrary to the public interest and, more specifically, to the improvement of public health.

CONCLUSION

ECTA believes that the introduction of plain pack legislation would impact the interests and rights of trade mark owners in the tobacco industry by effectively depriving them of their rights in many of their marks. It could also have a very damaging effect on the trade mark system as a whole. The introduction of plain pack legislation may also lead the UK government to be in breach of the provisions of various treaty obligations, including the provisions found under articles 15(4), 20 and 8(1) of TRIPS, as well as under articles 6*quinquies* and 7 of the Paris Convention. In addition, the implementation of plain packaging would likely interfere with Community trade mark rights and related regulations, in particular article 1, paragraph 2 of the EC Regulation No. 40/94. Hence, sooner or later, plain packaging would be called into question at an EU level.

As such ECTA cautions that the adoption of plain packaging legislation outlined in the Consultation Document may have effects and ramifications well beyond the intentions of the Department of Health which should be carefully considered.

Should the Department of Health wish to discuss the issues raised above further then representatives of ECTA would be happy to provide further information with the Department of Health.