

## Plain Packaging Questionnaire

### Response in the name of the Australian Group

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#### Questions

*Please answer the following questions. For each of questions 1) – 10) below, please answer in relation to your country's national laws including any constitutional law.*

1) *If the general conditions of registrability are met, does the product or service in relation to which a trade mark is used or proposed to be used have any affect on the ability to:*

- (a) register the trademark; and*
- (b) use it once so registered?*

Other than in relation to tobacco products, no. Some specific goods may have restrictions on packaging, required notices, etc such as alcoholic beverages, poisons, and pharmaceuticals. However, to our knowledge no restriction exists on the ability of the trade mark owner to use the trade mark *per se*.

In relation to tobacco products, specific restrictions on the ability to use trade marks have been imposed by the legislation referenced above, the Tobacco Plain Packaging Act 2011 (TPP Act) and corresponding regulations. The restrictions prohibit, in effect, the display of any trade marks on a tobacco package other than a word mark identifying the product and the variant in a prescribed font and size in prescribed position in a small part of the packaging. All cigarette packages are otherwise effectively identical in layout, colour and appearance, apart from the prescribed rotating health messages and images required on the outside of the package.

It follows from this restriction that there is no way to lawfully use, for example, trade marks relating to tobacco products which include specific graphical components, fonts, colours, or elements of packaging.

The Trade Marks Act 1995 has been specifically amended to provide that compliance with these requirements does not and cannot result in an application or registration being invalidated. That is, it is possible to register a trade mark for (say) a coloured package for a tobacco product, there being no practical way to use it in relation to the product or in advertising in

Australia, and that (necessary) lack of intention to use and subsequent non use is not able to be asserted to invalidate the trade mark application or registration.

As explained by the Chief Justice French of the High Court, in *JT International SA v Commonwealth of Australia* [2012] HCA 43 at [8] ,

' The registrability of trade marks and designs whose use is subject to constraints imposed by the [TPP Act](#) and the TPP Regulations is not to be prejudiced by those constraints. Neither the [TPP Act](#) nor the TPP Regulations deprive a trade mark of registrability for non-use, or because the use of the trade mark in relation to tobacco products would be contrary to law[13]. Neither the [TPP Act](#) nor the circumstance that a person cannot use a trade mark in relation to the retail packaging of tobacco products or on tobacco products is a circumstance making it reasonable or appropriate to refuse or revoke registration of the trade mark , to revoke acceptance of an application for registration, or to register the trade mark subject to conditions or limitations[14]. There is a somewhat less elaborate protection for registered designs under the [Designs Act 2003](#) (Cth)[15].'

[http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/cth/HCA/2012/43.html?stem=0&synonyms=0&query=title\(%222012%20HCA%2043%22\)](http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/cth/HCA/2012/43.html?stem=0&synonyms=0&query=title(%222012%20HCA%2043%22))

2) *What rights are derived from trademark registration?*

The *Trade Marks Act 1995*, in section 20, provides that the registered owner of the trade mark has '... the exclusive rights:

- (a) To use the trade mark; and
- (b) To authorise others to use the trade mark:

In relation to the goods in respect of which the trade mark is registered.'

Infringement action may be instituted in relation to unauthorised use of a deceptively similar or substantially identical trade mark under the terms set out in S. 120(1), (2) and (3) of the Trade Marks Act 1995.

Thus, in effect, the owner has the right to prevent use of the trade mark by others, and to authorise others to use the trade mark.

1) *What rights exist in relation to a sign used as a trademark but not registered? What is the basis of any such right?*

Rights in relation to a sign which has been used as a trade mark but not registered may be asserted using either the common law action of passing off, or by asserting infringement of Section 18 of the Australian Consumer Law, which

prohibits misleading and deceptive conduct.

The basis of such rights is reputation in the unregistered sign.

In both cases, the rights enable the trade mark owner to prevent the infringer continuing with conduct which infringes the relevant rights

- 4) *Is it possible to:*  
(a) *obtain; or*  
(b) *maintain;*  
*registration for a trademark that is not:*  
(i) *used; or*  
(ii) *intended to be used?*

For a trade mark which is not related to a tobacco product, no. If there is no intention to use the trade mark at the time of filing, then the application and any subsequent registration is able to be attacked on that basis (s 59(a), s92(4) (a) ). If a trade mark is not used for a continuous period of three years, then it may be attacked for non-use (s92(4)(b)).

For trade marks related to a tobacco product, whose use is constrained by the TPP act, these provisions do not apply. The trade mark cannot be removed for non-use, or on the basis that the applicant has no intention to use the trade mark (s.28 TPP Act).

- 5) *If yes to 4) above, are the rights derived from such trademark registration the same or different to registered trademarks that are used?*

The rights are the same, in principle. However, for those trade marks whose use is constrained by the TPP Act, any infringement is also so constrained. Rights in relation to the word marks may, for example, continue to be asserted against infringing goods.

- 6) *Are rights in unregistered trademarks dependent on use? Whether yes or no, please explain the basis for your answer.*

In the context of a passing off action or a claim of misleading and deceptive conduct, the owner of the unregistered trade mark must be able to establish reputation in the unregistered mark, which would generally arise as a result of use or promotion of the mark.

- 7) *Is there any basis to restrict the use of:*  
(a) *a registered trademark; or*  
(b) *a sign used as a trademark?*

*If yes, please explain any relevant laws or precedents.*

In Australia, in relation to tobacco products, as discussed the TPP act restricts the use of trade marks in relation to packaging of tobacco products. This legislative restriction has

been challenged at our High Court and held to be constitutionally valid.

- 8) *Is there any basis for the state or any state-controlled body to expropriate?*  
(a) *a registered trademark;*  
(b) *a sign used as a trademark; or*  
(c) *the rights deriving from either (a) or (b)?*

*If yes, please explain any relevant laws or precedents.*

No, there are no compulsory acquisition powers for Trade Marks in the Trade Marks Act 1995 or elsewhere. The High Court in the *JT International SA v Commonwealth of Australia* case (cited above) held that the provisions noted above, which severely restricted the ability of many trade marks to be used as trade marks, did not amount to an acquisition. This is predominantly on the basis (in summary) that an acquisition would leave the Commonwealth holding property which previously belonged to someone else, whereas in this instance there was no transfer of assets or benefits to the Commonwealth, whatever the diminution of value to the trade mark owners.

We reproduce the (reasonably succinct) reasoning of the Chief Justice in this point in full:

#### **Whether there is an acquisition of property**

41. Section 51(xxxi) embodies a constitutional guarantee of just terms "and is to be given the liberal construction appropriate to such a constitutional provision." [80] Broad constructions of "property" and "acquisition" were linked by Dixon J in the *Bank Nationalisation* case [81]. Section 51(xxxi) was said to extend to "innominate and anomalous interests" and to include "the assumption and indefinite continuance of exclusive possession and control for the purpose of the Commonwealth of any subject of property." [82] There is, however, an important distinction between a taking of property and its acquisition.

42. Taking involves deprivation of property seen from the perspective of its owner. Acquisition involves receipt of something seen from the perspective of the acquirer [83]. Acquisition is therefore not made out by mere extinguishment of rights. In an observation quoted and approved by the majority in *Australian Tape Manufacturers Association Ltd v The Commonwealth* [84], Mason J said in the *Tasmanian Dam* case [85]:

"To bring the constitutional provision into play it is not enough that legislation adversely affects or terminates a pre-existing right that an owner enjoys in relation to his property; there must be an acquisition whereby the Commonwealth or another acquires an interest in property, however slight or insubstantial it may be."

Importantly, the interest or benefit accruing to the Commonwealth or another person must be proprietary in character. On no view can it be said that the Commonwealth as a polity or by any authority or instrumentality, has acquired any benefit of a proprietary character by reason of the operation of the TPP Act on the plaintiffs' property rights. In this respect I agree with the reasons of

Gummow J[86] and the reasons of Hayne and Bell JJ[87].

43. It may also be observed that the negative character of the plaintiffs' property rights leaves something of a logical gap between the restrictions on their enjoyment and the accrual of any benefit to the Commonwealth or any other person. Unlike the Newcrest case[88], there is no expansion in rights, interests, or benefits accruing to the Commonwealth that corresponds to or bears any relationship to the restrictions imposed on the use of the plaintiffs' intellectual property rights. The fact that the restrictions and prohibitions imposed by the TPP Act create the "space" for the application of Commonwealth regulatory requirements as to the textual and graphical content of tobacco product packages does not constitute such an accrual. Rather, it reflects a serious judgment that the public purposes to be advanced and the public benefits to be derived from the regulatory scheme outweigh those public purposes and public benefits which underpin the statutory intellectual property rights and the common law rights enjoyed by the plaintiffs. The scheme does that without effecting an acquisition.

44. In summary, the TPP Act is part of a legislative scheme which places controls on the way in which tobacco products can be marketed. While the imposition of those controls may be said to constitute a taking in the sense that the plaintiffs' enjoyment of their intellectual property rights and related rights is restricted, the corresponding imposition of controls on the packaging and presentation of tobacco products does not involve the accrual of a benefit of a proprietary character to the Commonwealth which would constitute an acquisition. That conclusion is fatal to the case of both JTI and BAT.

- 9) *If yes to 7) or 8) above, do public interest considerations provide any basis for such restriction or expropriation ("Restriction/Expropriation")? If yes, please explain any applicable public interest considerations, and any relevant laws or precedents.*

Constraints on the use of trade marks in relation to tobacco products are imposed on the basis of public health considerations, and more specifically, to reduce the incidence of new smokers and reduce consumption by existing smokers.

- 10) *If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard?*

In relation to patents, specific legislative provisions (ss 163-172, 133-140) exist for both Crown use, compulsory licensing and compulsory acquisition of patents. Compulsory licenses are available on the basis (*inter alia*) that the reasonable requirements of the public have not been met, or that breaches of provisions relating to prohibited trade practices (e.g. cartel behavior, covenants to restrict competition, and other matters) are occurring.

Crown use and compulsory acquisition are subject to the payment of reasonable compensation to the patent owner.

Provisions for crown use and compulsory acquisition also exist for Registered Designs (Designs Act 2003 ss95-107), and under the Copyright Act 1968, but not for Plant Breeder's Rights.

- (11) *If yes to 7) or 8) above, are any treaty or other international obligations relied on to provide a basis for such Restriction/Expropriation (as applicable)? If yes, please explain the international obligations, and how those obligations are reflected in or received into your country's law.*

No such provisions are relied on.

- 12) *Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? If yes, has your country ratified the FCTC?*

The FCTC was signed by Australia in 2003, ratified by Australia in 2004 and entered into force in Australia in 2005.

- 13) *If yes to 12) above, has the FCTC been implemented in your country? If yes, please explain its legal impact, if any, including by reference to the Guidelines for Implementation of Articles 11 and 13 of the FCTC.*

Article 11 of the FCTC prescribes certain measures relating to the packaging and labelling of tobacco products. Article 11 obliges a party to adopt and implement 'in accordance with its national law' effective measures ensuring that, among other things, tobacco packaging does not promote a tobacco product by means which are false, misleading or 'likely to create an erroneous impression about its characteristics, health effects, hazards or emissions'.

Article 13 addresses tobacco advertising, promotion and sponsorship. Article 13 contains various obligations, including to undertake a comprehensive ban of all tobacco advertising, promotion and sponsorship.

The obligations in Article 11 and Article 13 are each by reference to Parties' 'constitution or constitutional principles'.

The Conference of the Parties established under Article 23 of the FCTC has adopted guidelines concerning the implementation of provisions of the FCTC, which include guidelines for the implementation of Article 11 and Article 13. In each case, the guidelines provide that parties 'should consider adopting' plain packaging.

Subsection 3(1) of the TPP Act provides that the objects of the legislation are:

- (a) to improve public health by discouraging people from taking up smoking, encouraging people to give up smoking, discouraging people who have given up smoking from relapsing, and reducing people's exposure to smoke from tobacco products; and
- (b) to give effect to certain obligations that Australia has as a party to the FCTC.

Subsection 3(2) provides that it is Parliament's intention 'to contribute to achieving the objects in subsection (1) by regulating the retail packaging and appearance of tobacco products in order to:

- (a) reduce the appeal of tobacco products to consumers; and
- (b) increase the effectiveness of health warnings on the retail packaging of tobacco products; and
- (c) reduce the ability of the retail packaging of tobacco products to mislead consumers about the harmful effects of smoking or using tobacco products.'

The FCTC itself makes no mention of plain packaging.

Opponents of the TPP Act argue that if the TPP Act was required to 'give effect' to Australia's obligations under the FCTC, no other country would be compliant with the FCTC today.

The Punta del Este Declaration on the Implementation of the FCTC dated 19 November 2010 is a statement issued by the Parties to the FCTC. The Declaration provides that:

...in the light of the provisions contained in Articles 7 and 8 of the TRIPS Agreement and in the Doha Declaration, Parties may adopt measures to protect public health, including regulating the exercise of intellectual property rights in accordance with national public health policies, provided that such measures are consistent with the TRIPS Agreement.

It is arguable that the provisions of the TPP Act are inconsistent with the provisions of the TRIPS agreement.

- 14) *Is the FCTC received directly into your country's domestic law or is domestic legislation required to give it effect in your country's law?*

Domestic legislation is required to bring any treaty into legislative effect in Australia.

- 15) *If there is presently a legal basis in your country for permitting any Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).*

- (a) *What are the parameters for such Restriction/Expropriation? For example, the nature of any stated public interest considerations, the proportionality of the proposed measure to the Restriction/Expropriation.*
- (b) *Is it relevant that such Restriction/Expropriation only applies in relation to a particular class of products, eg tobacco products, foods deemed to be unhealthy or alcohol?*
- (c) *What are the financial consequences for the state and the trademark rights holder respectively? For example, is a rights holder entitled to or eligible for any compensation in respect of the Restriction/Expropriation? If yes, what type of rights holders are so entitled or eligible? If not, why is no compensation available?*

- (d) *If compensation is available, how is it calculated?*
- (e) *Does a trademark rights holder affected by Restriction/Expropriation have any other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.*
- (f) *In the event of Restriction/Expropriation, could a trademark remain registered?*
- (g) *If yes, what is the consequence of any Restriction/Expropriation on a well known trademark that was registered prior to the Restriction/Expropriation?*

There is no legal basis for expropriation in current legislation.

In relation to the restrictions imposed by the TPP Act, no compensation is available, and this position has been confirmed by the High Court. These restrictions apply to registered and unregistered trade marks.

*16) If there is presently no legal framework in your country permitting Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).*

- (a) *What legislative changes would be necessary in your country to implement a plain packaging regime for a specific class or classes of products such as those previously mentioned? For example, amendments to existing domestic trademark legislation, changes to your country's constitution, multilateral or supranational treaty obligations.*
- (b) *Could a plain packaging regime be implemented in your country without providing compensation to affected trademark rights holders? If no, what type of rights holders would be entitled to or eligible for compensation? If yes, why would no compensation be payable?*
- (c) *Would a trademark rights holder affected by Restriction/Expropriation have any other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.*

Not applicable.

*General Comments:*

As the group which has experienced the legislative innovations which have given rise to this questionnaire, we have some additional observations which may be of assistance.

One particular unintended consequence is a likely increase in the prevalence of counterfeiting. AIPPI Australia made this concern clear in various submissions which we have made to both houses of our Parliament. This concern we understand to be shared by the customs and law enforcement authorities in Australia.

Because all cigarette packages look almost the same, counterfeiters need only learn to make essentially one form of packaging, and insert the brand name of their choice. Also, the characteristics which previously assisted in identifying



counterfeit goods, such as specific colors, papers, textures and embossing, are no longer present. Even the cigarettes themselves are not allowed to bear distinguishing marks.

As a consequence, it has become more difficult for customs to identify whether any given shipment is counterfeit or genuine, and hence interceptions become more difficult and less certain in outcome.

The intention of the legislation was to make cigarette packaging less distinctive and less appealing, and in this regard it has no doubt succeeded. However, as a consequence, it is also harder for consumers to tell one brand from another. Those who cannot read English, or who have visual impairments, or the elderly, or those who are simply careless, are now much more vulnerable to receiving the incorrect product, whether by accident or design.

Overall, Australian tobacco consumers are participating in a large scale experiment, which has no precedent. There is no hard data one way or the other as yet on the effectiveness of this as a health measure. As may be apparent, the IP issues were treated as merely a technical impediment to what was considered a landmark health measure.

Our expectation is that after a period of operation, it is likely that some tweaking will be required to the relatively complex system that has been created.