INTELLECTUAL PROPERTY, INCLUDING THE PROTECTION OF TRADEMARKS UNDER THE TRIPS AGREEMENT

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On this page:

Key points:

It is common for legal challenges to WHO FCTC measures to raise intellectual property arguments. WHO FCTC Parties should be aware that:

- Tobacco companies do not have a right under international law to use their trademarks
- TRIPS article 20 only prevents ‘encumbrances’ on the use of trade marks if these are
The WTO’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)’s objective and principles, as well as the WTO Ministerial Council’s Doha Declaration on TRIPS and public health, provides that the TRIPS Agreement should be interpreted consistently with public health.

**Introduction**

The protection of intellectual property is a common theme in many legal challenges brought against WHO FCTC measures. Many of these challenges will cite the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (or 'TRIPS' Agreement), a WTO agreement that sets out minimum standards of intellectual property protection that WTO member states agree to implement into domestic law. Examples of legal challenges raising TRIPS-related issues include, among others:

- the challenge to Australia’s plain packaging before a dispute settlement panel and the Appellate Body of the WTO
- the challenge to Uruguay’s packaging and labelling laws before an arbitral tribunal conducted under the Uruguay-Switzerland BIT
- the challenge to the UK’s standardized packaging in the High Court and Court of Appeal of England and Wales
- the challenge to Uganda’s graphic health warnings provisions of its Tobacco Control Law before the Constitutional Court of Uganda

It is also common for countries to receive threats of litigation from the tobacco industry that cite TRIPS. Generally, tobacco companies will allege that a measure prevents them from using their trademarks, or more generally fails to provide their trademarks with sufficient protection. TRIPS arguments will often also appear in domestic or investment law in conjunction with arguments about expropriation or other protections for private property.

These arguments generally suffer from a number of misconceptions regarding the nature of the obligations under TRIPS. In particular:

- there is no right to use a trademark under international law, so a measure implementing the WHO FCTC cannot infringe that right
- TRIPS article 20 only prohibits encumbrances that are ‘by special requirements’ and ‘unjustifiable’
- TRIPS must be interpreted in line with its general principles and objectives, which affirm that TRIPS obligations should be interpreted with regard to public health goals.
Trademarks are distinctive signs used to distinguish the goods and services of one business from those of another business. In most domestic systems, most legal protections for trademarks depend on the trademark holder registering the trademark with the relevant authorities.

TRIPS aims to harmonise some aspects of trademark law across countries, and as such contains obligations to:

- provide for the registration of trademarks on a non-discriminatory basis (although a WTO member may decline to register offensive or misleading trademarks) – contained in article 15
- provide trademark owners with rights to prevent third parties from using their trademarks – contained in article 16

Notably, TRIPS does not include an obligation to allow the trademark to be used (e.g. by being displayed in marketing/advertising), or grant the trademark holder rights to prevent the State from regulating the use of a trademark (e.g. by restricting such marketing/advertising). Trademarks are what are known as negative rights – rights to prevent third parties from doing something. They are not positive rights that grant the trademark owner the right to do something themselves. They can be asserted only against other private actors, and not against the state. That trademarks are negative rights has been recognised in the Australia – Plain Packaging WTO decision (panel report at 7.1978 and Appellate Body report at 6.614), by other WTO panels (EC – Geographical Indications, at para 7.610-7.611 of the US panel report and para 7.610-7.611 of the Australia panel report), by the investment tribunal in Philip Morris v. Uruguay, and by domestic courts in the United Kingdom, France, Australia, and Uganda.

This means that provided they are implemented by restricting use rather than registration and do not affect the rights of tobacco companies to prevent competitors from using their marks, WHO FCTC-implementing measures are unlikely to fall within the scope of TRIPS’ protections for trademark registration or the rights of trademark holders.

Claims are also sometimes made in relation to other forms of intellectual property, most commonly geographical indications (which protect ways of identifying the place that a product is from and the characteristics it has as a result of that place of origin) or industrial designs (which protect new or original designs). Like trademarks, these rights are expressed in negative terms under TRIPS, and they likewise do not grant their owners rights against state regulation.
A further argument has been made in relation to article 20 of TRIPS, which provides that the use of a trademark in the course of trade ‘shall not be unjustifiably encumbered by special requirements, such as ... 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.’ The meaning of this provision was a key part of the Australia – Plain Packaging WTO dispute (panel report; Appellate Body report).

Article 20 prohibits only ‘unjustifiable’ encumbrances. It is likely that measures implementing the WHO FCTC, an evidence-based multilateral public health treaty with 182 parties, will be justifiable. According to the panel in Australia – Plain Packaging, and upheld by the Appellate Body, whether an encumbrance by special requirements is ‘unjustifiable’ involves an assessment of:

- The nature and extent of the encumbrance resulting from the special requirements, bearing in mind the legitimate interest of the trademark owner in using its trademark in the course of trade and thereby allowing the trademark to fulfil its intended function;
- The reasons for which the special requirements are applied, including any societal interests they are intended to safeguard;
- Whether these reasons provide sufficient support for the resulting encumbrance.

According to the panel, the need to address the ‘exceptionally grave’ health effects of tobacco use and exposure to tobacco smoke, including by prohibiting and regulating the appearance of trademarks, provided sufficient support for the encumbrances required by plain packaging. The panel also noted that the importance of the public health reasons for adopting plain packaging is underscored by the fact that plain packaging implemented the WHO FCTC, ‘which was “developed in response to the globalization of the tobacco epidemic” and has been ratified in 180 countries’. The Appellate Body upheld these findings on appeal, including affirming the panel’s use of the WHO FCTC in this passage. This reasoning suggests that any encumbrances caused by measures implementing the WHO FCTC in good faith are generally likely to be justifiable under article 20.

Additionally, article 20 only applies to encumbrances by ‘special requirements’. The panel in Australia – Plain Packaging considered a special requirement to be ‘a condition which must be complied with; has a close connection with or specifically addresses the use of trademarks; and is limited in application’. In the case of plain packaging, this definition covered both prohibitions on figurative and image trademarks, as well as requirements on how word marks should be displayed. The panel did not elaborate on the test for a special requirement outside of the context of plain packaging, as it was accepted by all of the parties to the dispute that general regulatory measures, such as advertising bans, did not fall within the scope of article 20. However, it appears from the panel’s reasoning that a measure must be quite specifically linked to trademarks to be a ‘special requirement’, which means...
that it is likely that many tobacco control measures are not caught by article 20.

20 default 5. Interpreting TRIPS line Item 2
The above provisions must all be interpreted in accordance with the general interpretive principles of TRIPS. These are as follows:

- Articles 7 and 8 of the TRIPS Agreement, which are its general principles and objectives clauses, emphasise that intellectual property rights serve public purposes, and are not ends in their own right. Article 7 refers to the need to protect and enforce intellectual property rights ‘in a manner conducive to social and economic welfare, and to a balance of rights and obligations’, and Article 8 provides that WTO Members may ‘adopt measures necessary to protect public health…provided that such measures are consistent with’ the TRIPS Agreement. The Appellate Body in Australia – Plain Packaging considered that these provisions indicate the object and purpose of the TRIPS Agreement and therefore are to be considered in its interpretation under article 31 of the Vienna Convention of the Law of Treaties and its customary international law equivalents.

- The Doha Declaration on TRIPS and Public Health, adopted by the WTO Ministerial Conference (a meeting of all WTO members) in 2001, is also relevant in interpreting the TRIPS Agreement. The Declaration states that the TRIPS Agreement ‘does not and should not prevent Members from taking measures to protect public health’ and that TRIPS ‘can and should be interpreted and implemented in a manner supportive of WTO Members’ right to protect public health.’ While drafted in the context of access to medicines, the scope of the Doha Declaration is clearly expressed in much broader terms and covers public health measures more generally. The Australia – Plain Packaging panel recognised that the Doha Declaration is a subsequent agreement to TRIPS under article 31(3)(a) of the Vienna Convention on the law of treaties, and that the specific flexibilities recognised in paragraph 5 of the Doha Declaration are therefore to be taken into account in interpreting TRIPS. The Appellate Body in Australia – Plain Packaging did not address a challenge to this finding, finding that paragraph 5(a) which the panel had relied on restated customary international law rules on treaty interpretation, and that it was therefore not necessary to address the status of the Doha Declaration in order to uphold the panel’s conclusions.

The relevance of these statements to tobacco control is supported by statements of the WHO FCTC Conference of the Parties in the Punta del Este Declaration on the Implementation of the WHO Framework Convention on Tobacco Control, adopted at its fourth session, in November 2010, where the COP:

- recalled the statement in the Doha Declaration that the TRIPS Agreement ‘can and should be
interacted and implemented in a manner supportive of WTO Members’ right to protect public
health’
• declared that, in light of Articles 7 and 8 and 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.’

20 default Relevant case law line References

• **Australia — Certain Measures Concerning Trademarks, Geographical Indications and Other Plain**
  **Packaging Requirements Applicable to Tobacco Products and Packaging**, Appellate Body Report,
• **Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain**
  **Packaging Requirements Applicable to Tobacco Products and Packaging**, Panel Reports,
• **European Communities – Protection of Trademarks and Geographical Indications (United States)**,
• **European Communities – Protection of Trademarks and Geographical Indications (Australia)**,
  Panel Report, WT/DS290/R, 15 March 2005
• **British American Tobacco v. Secretary of State for Health** [2016] EWHC 1169 (Admin)
• **British American Tobacco v. Secretary of State for Health** [2016] EWCA Civ 1182
• **Philip Morris Brands Sàrl, Philip Morris Products S.A. and Abal Hermanos S.A. v. Oriental Republic**
  **of Uruguay**, Award, ICSID Case No. ARB/10/7, 8 July 2016
• **British American Tobacco v. Attorney-General**, Constitutional Petition No. 46 of 2016,
  Constitutional Court of Uganda, 28 May 2019.

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