

## ‘Unpackaging’ Trademark Through Tobacco Regulations

Abhijeet Kumar<sup>†</sup>

Hindustan Petroleum Corporation Limited, Petroleum House, 17, Jamshedji Tata Road, Churchgate, Mumbai - 400 020, India

*Received: 29 May 2018; accepted: 8 March 2020*

Minimum requirements of the WHO’s Framework Convention on Tobacco Control and its Guidelines has required the Member States to raise concerns related to public health by regulating advertisement and marketing, and also leaving scope for introducing more stringent measures. This initiated several discussions over the issues concerning effect of such legislation’s new labeling requirements (plain packaging) on the intellectual property rights (trademark rights) of the tobacco manufacturers. The justifications for the new limitations are considered from a broader global perspective and from an Intellectual Property law one. This paper examines case law, legislative provisions and surveys approved by WHO, alongwith reports made post implementation of plain packaging in Australia, and other relevant available data and information. It further aims to reflect on the character of protection, arguing that there is neither deprivation nor expropriation of property, but a mere control of use and that the right conferred upon registration of a mark is *iusexcludentialios* and not a right to use. It also discusses on how plain packaging is oppressive towards the interests of the trademark proprietors and is not the most effective for attaining the public health objective, while drawing upon sociological and economical research, and how it possesses the risk of increase of illicit trade and counterfeits.

**Keywords:** Tobacco Regulation, WHO, generic packaging, Framework Convention on Tobacco Control, The Cigarettes and Other Tobacco Products Act, 2003, Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules, 2008, TRIPS Agreement, Global Action Plan for the Prevention and Control of NCDs 2013-2020, Paris Convention,

Tobacco has been part of the commercial reality since 1600s, but it was not until 1800s when cigarettes and other tobacco products were commercially produced.<sup>1</sup> Up until recently the cigarettes were considered harmless and even healthy, for dealing with stress and anxiety.<sup>2</sup>

The first doctor to find a connection between smoking and lung cancer was the German doctor Franz Müller, which lead to the first Nazi ant-smoking campaign that was the most powerful movement against smoking during the 1930s and 1940s.<sup>3</sup> Since then, the awareness of the harmful consequences of smoking has been rising with all time high the moment when governments started implementing measures, in order to persuade people to quit smoking and educate the youth about the harmful effects of smoking so that they do not take up the deadly habit. The WHO claims that smoking, or illnesses caused due to smoking, are the reason and cause for death of over 7 million people every year, which for the purpose of making a quantifiable reference can be compared to equating with the death toll during the

First and Second World Wars and has become the plague of the 21<sup>st</sup> century.<sup>4</sup> Therefore, smoking needs to be regulated.

Due to the high percentage of deaths among smokers (more than half of tobacco users), countries have taken up the initiative through mutual collaboration (UN and WHO as the major agenda setters) to find proper measures that will smokers to quit or reduce their consumption and to deter people completely from taking up the harmful habit. The result is generic packaging, which would allegedly result in reduction of tobacco consumption and consequently lead to securing a greater protection for public health. At the end, it seems that plain/generic packaging was and still is the only measure that appears appropriate and best for achieving the abovementioned objectives. In the process of reducing tobacco consumption and implementing preventive measures for people to be stopped from taking up smoking, there are more rights concerned than only the once of the smokers and the general public (more importantly the public health), whose protection could be said to be the main objectives of each country. There are the economic development and underlying

<sup>†</sup>Email: abhijeetkumar12991@gmail.com

values, such as the intellectual property rights of the traders, which each country has to take into account when implementing particular measures. Generally, democracies have the duty to promote human development, which includes IP development, access to culture, innovation, education and economic wealth.<sup>5</sup> Therefore, intellectual property rights as part of the economic growth should be recognized as an objective equal to public health. However, there are fears that in order for a country to secure the public health, other set of rights has to be restricted. Thus, plain packaging has met opposition from the International Trademark Association, academics and most importantly trademark holders themselves that they are deprived from their right to use registered signs. A clash occurs between the competing interest of trademark owners and the public health objective, which what the countries introducing generic packaging pursue. More particularly, trademarks cannot be used as signifiers of origin, which is their essential function,<sup>6</sup> hence, the proprietors have lost the ability to convey messages to consumers about their products, which can most likely deter the brand and the brand loyalty created through the use of trademarks.

### **Understanding Plain Packaging**

In the recent years, the most debated policy formulated for tobacco control has been plain packaging, or generic packaging based on the usage by few academicians. Several questions arise when one mentions plain packaging, such as what should it constitute and what is prohibited. The policy requires branding of all tobacco products to be exclusively with simple bare texts. This in turn means that the package will contain nothing more than the brand name, which will also be printed in a particular font, font size, at specific place on package and in pre-determined colour, and there will be no mentioning of any other branding or IPs, such as logos, graphics or even a trademark of the brand on the package.<sup>7</sup> It further mandates that the package must not contain any other colour beside the brand name, as mentioned before, but on the contrary it would require the package to contain health warnings and cautions, for consumers. In brief it can be summarized that the idea of plain or generic packaging is done to obtain two major objectives, i.e. to standardize the look of all tobacco products and to keep them out of the interest of the adolescents by making them unattractive, with

the rationale of restricting, and in long run reducing, the predominance by killing the curiosity of smoking.

Some studies and surveys suggests that adoption of such a policy will lead to reduction in sale and consumption of tobacco products.<sup>8</sup> It has been argued that this will lead to two unrelated consequences, which would be satisfying the same goal, i.e. such packaging will lead to make cigarettes packet unappealing and at the same time would make the health warning and safety information being printed on bigger scale, thereby making it more visible. The argument framed from these studies have been that such packaging will act as a catalyst for boosting the effectiveness of the measures taken, by letting public be aware of the risks involved in consumption of cigarettes, which would have a direct result of lesser new consumer of tobacco products.<sup>8</sup> If one generally tries to understand that what plain packaging does in effect, then it can be understood as the breaker of chain of addiction in the very beginning itself, wherein the new consumers start smoking in the name of experimentation and then land up becoming a regular user of one or another form of tobacco product.

Countries, for a very long time now, have acknowledged the need of controlling and regulating tobacco products, and have formulated policies in furtherance of it, because of its established adverse effect on the public health. This has led to development of various measures of tobacco control, which has been adopted worldwide time-to-time. However, the World Health Organization (WHO), through a multilateral treaty, Framework Convention on Tobacco Control (FCTC) has codified such regulatory efforts whose aim is to protect “present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke”.<sup>9</sup>

With an intention to achieve its aim, FCTC provides for “a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke”.<sup>9</sup> Among other mandates, “Packaging and labelling of tobacco products” finds its place in Article 11, in furtherance of which, mandatory plain packaging has been recommended for adoption by the member states through Guidelines for implementation of Article 11.<sup>10</sup>

### Australian Experience and Global Discourse

The answer to the question why the use of trademarks is banned completely is found in the strong desire of governments to reduce tobacco consumption or provide the best fitted environment for decreasing it. Until now, tobacco products packaging with warning signs and pictures showing the harmful consequences of tobacco consumption, but it was not enough for ensuring high public health protection. While, consumers were still being informed, and warned about the harmful effects of tobacco consumption, there were still trademarks on the packaging that were influencing the public to buy those products. Plain packaging is the consequence of years of research and observation on public preferences and influences, dating back from the 90s.<sup>11</sup> After the introduction of plain packaging in Australia in 2012, the WHO initiated the “Global Action Plan for the Prevention and Control of NCDs 2013-2020”,<sup>12</sup> which emphasized the need for united efforts of governments and societies at regulating the harmful outcome of “tobacco use, unhealthy diets and alcohol abuse across diverse sectors as public health, trade and environmental protection”, placing the importance on measures pertaining to control over tobacco products. The data gathered from the surveys on the effects of the Australian Plain Packaging legislation seemed to have influenced the initiation of this action plan and presenting it as an effective measure for achieving greater health protection.<sup>11</sup> All these studies were verified by the WHO and are considered a successful outcome following the introduction of plain packaging. What contributes even more to the categorization of plain packaging as an effective measure is the fact that all of the surveys were made in the period from couple of months to one-year post implementation, which supposedly would lead to a greater increase in the future. The time period is of great importance, because after the introduction, there was a transition period, during which retailers were still offering tobacco products in the old packaging until exhaustion of quantities. At first the public is usually reluctant towards new measures and the introduction to something new, there is a need to get used to it, in order to comprehend and be influenced by the effect of the plain packaging. Such fast effect, even though considered by opponents of plain packaging to be minimal, is impressive and verifies the earlier presumptions about the effectiveness of the measures.

With this overall understanding of the subject matter, including the discussion over the most recent issues, it makes the present topic very important for the purpose of discussion and having a discourse on the same. In further part of the paper, it will deal with the Indian experience with plain packaging, with a motive to make the readers aware of the applicability of the present discussion in domestic application. In furtherance of that, the paper will deal with importance of colourful and figurative marks from the right holder’s perspective and will further try to establish the clash being created between the health regulatory policies and intellectual property rights. Post this discussion; there will be a brief analysis of the actual consequences, while calculating the cost undertaken, in implementing plain packaging.

### Indian Experience and Practice

It is pertinent to note that India signed the WHO FCTC on February 27, 2005. However, this wasn’t the beginning of the regulation by different statutory provisions over tobacco products. Part IV of the Constitution of India deals with Directive Principles of State Policies (DPSP), which promotes State to do certain activities for the betterment of the society and its constituents. As the provisions under DPSPs are more of an endeavor for the state to achieve, and is not enforceable, still it has been witnessed that the issue of health and its decoration due to usage of drugs and other intoxicating substances have received decent attention of the legislature. Article 47,<sup>13</sup> which is the primary legal document, states:

*“It shall be the Duty of the State to raise the level of nutrition and the standard of living and to improve public health The State shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties and, in particular, the State shall endeavor to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health.”*

In furtherance of this constitutional mandate, Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975<sup>14</sup> was enacted by the legislature, which mandated presence of statutory warning on the packets of cigarettes, and tobacco industries was forced to follow the same. It was not only legislatures, but judiciary too, which undertook the responsibility of maintaining public health, by

regulating activities pertaining to tobacco products. In the case of *Murlis Deora v Union of India and Ors*<sup>15</sup> Supreme Court while prohibiting smoking in public places, viz. educational institutions, hospitals, auditoriums etc., held that:

*“Tobacco is universally regarded as one of the major public health hazards and is responsible directly or indirectly for an estimated eight lakh deaths annually in the country. It has also been found that treatment of tobacco related diseases and the loss of productivity caused therein cost the country almost Rs. 13,500 crores annually, which more than offsets all the benefits accruing in the form of revenue and employment generated by tobacco industry.”*

It was this judgment of the Apex Court, which led to enactment of The Cigarettes and Other Tobacco Products Act, 2003 (COTPA),<sup>16</sup> which is the comprehensive piece of legislation for regulating tobacco products, was implemented before India was even a party to the FCTC. This statute, which covers whole of India, has made its provisions applicable on all forms and types of tobacco products, including, but not limited to, cigarettes, gutka, bidis, pan masala (containing tobacco), cigars, Mavva, Khaini, snuff, etc.<sup>17</sup>

While the idea of plain packaging has still not been implemented in India, the government has been regulating the manners of advertisement and health warning notice of tobacco products, by virtue of powers vested through Section 31 of COTPA.<sup>18</sup> Government enacted the Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules, 2008 (COTPR),<sup>19</sup> which covered the issue of format for packaging, content thereof and the percentage of cover which will have statutory warning.

In the matter of *Love Care Foundation v Union of India and Ors*<sup>20</sup> a writ was filed in Allahabad High Court, by an NGO working in the field of child welfare. It was argued that the pseudo mode of advertisement being adopted by the tobacco companies are alluring and attracting children. Examples of countries which have implemented plain packaging were produced, which established reduction in uptake of tobacco products by new consumers. However, the defendants in the matter were Union of India and State of UP, and no tobacco companies, therefore the court just directed the government to take appropriate measures in order to ensure health safety of children. The out of turn observation in this matter was that none of the

defendants made any adverse submission in the court which suggests the gravity of the situation as it is being looked at.

The COTPR got amended in 2014,<sup>21</sup> with effect from April 2015, and brought new regulatory framework for packaging of cigarette and tobacco products. Some important observations from the amended provisions are:

- a) Increment in the total area of packaging which will contain statutory and pictorial warnings from 60 % to 85 %, with a proportion of 25% to be textual warning and rest pictorial.
- b) The textual warning should be in two languages only.
- c) Details to be printed on packets shall include, name of the product, date of manufacture, origin of the product (for import tobacco), name and address of the manufacturer/ importer of the product, any other information required under law.

Although, these amendments don't constitute, or brings the regulation within the general understanding of the term plain packaging, but it cannot be denied that the steps taken by the government has in effect reduced the space or provision for carrying out any attractive advertisement from the packaging of the tobacco products. Nevertheless, the countries which have implemented plain packaging, or an alike regulatory provision, have either faced heavy criticism or have been not been able to enforce such regulations, with US being the biggest example where the policy has been challenged for being unconstitutional. Even though, plain packaging is not in force in India, but considering the latest amendment to COTPR, there is very less possibility of exploitation of trademark rights with the holders. In this background, the author will try to formulate an academic understanding of the clash between these health regulatory measures and private rights vested with the tobacco industries over their IPs.

## **IP Rights vis-à-vis Social Regulations: The Sideline Story**

### **Revisiting Jurisprudence: Right or Privilege**

Another way of defining the 'right' to use a trademark is as a privilege or a beneficial aspect granted following a registration of a sign as a trademark. A right to use would have meant that a proprietor has the right to decide whether or not to use

a particular trademark. Without a right to use, a requirement to use or not depends on the countries' discretion and whether this requirement serves to the attainment of a specific goal. The use of trademarks is an advantage that trademark proprietors receive from the state and it can be taken away by the state. Thus, to use a trademark can be defined as a freedom given to trademark proprietors to identify their goods and services, to show them to the public and distinguish them from the goods/services of their competitors.<sup>22</sup> This evaluation is based on the Hohfeldian analysis,<sup>23</sup> which draws a line and divides rights in two types, or as mentioned above rights and privileges. A right is something that is given and could be enforced against third parties. While, a privilege is enjoyed by the proprietors and is not a right in its strict sense. Mark Davidson and Patrick Emerton build up on this concept that the use of a mark could be recognized as being a legal permission to engage in commercial activity.<sup>24</sup>

The Paris Convention and the TRIPS set the minimum standards for regulation of intellectual property for their signatories and aid the proper protection of intellectual property rights. For trademarks, TRIPS, upon registration, grants an exclusive right which allows the right holder to preclude other members of the market from utilizing identical or similar sign for goods and/or services of same classification, in the course of trade.<sup>25</sup> There exist no specific right to use, under the TRIPS and the aforesaid is the only right provided. Paris Convention, on the other hand, presumes that all the trademarks are in use, in every case, yet a express provision mentioning a right to use is lacking, and it says that the right to exclude could be gained through use, but not that there is a right to use.<sup>26</sup> This leads to the conclusion that trademark rights are recognised only as *iusexcludentialios* (a negative right), the right to exclude third parties from using the registered sign or acquiring any of the rights on the mark, assigned to the mark upon registration under the Conventions, and the Indian legislation, as opposed to the common believe about the existence of a right to use (positive right).

#### *'Use' Under Paris Convention and TRIPS*

It has been convincingly argued by legal scholars that no positive right has been granted to the trademark owners under TRIPS and the Paris Convention for right to use.<sup>27</sup> Even the WTO panel has reinforced the view as mentioned above, that

registration of trademark doesn't grant a right to use to the proprietor, but it did say that there are implied legitimate interests of trademark owners, which include the interest of using their trademarks in relation to the relevant goods and services.<sup>28</sup>

Article 17 of the TRIPS provides exceptions and limitations over third parties and not for the trademark proprietor, by suggesting trademark owners not to register terms, which are descriptive in nature, as trademarks, and this would in turn prevent third parties from using the terms descriptive in nature that could be essential sometimes, in their commercial activities.<sup>29</sup> While one can argue that there is a right to use due to Article 19, which enables member states to cancel the registration upon non-usage of minimum three years, but what is generally missed out by the critiques is the beginning of the provision. Relevant portion of the provision states:

*"If use is required to maintain registration (...) the registration may be cancelled only after an uninterrupted period of at least three years of non-use (...)"*<sup>30</sup> [emphasis added]

It can be interpreted as it is up to the signatories whether to require a use of the registered mark, which goes back to the earlier argument that there is freedom to use a trademark, but not a right. Furthermore, such freedoms may or may not be restricted or required to be performed (as in the plain packaging regime) by the public authorities.

#### *The WHO Restrictions*

The plain packaging was much favoured by the WHO, because of which despite the lack of an actual wording within the FCTC about plain packaging, it is implied under Article 11 (Packaging and labeling of Tobacco Products).<sup>31</sup> The whole provisions set out the requirements for enacting effecting measures for the fulfillment of reduced tobacco use. The Article states that promotion of any kind of tobacco products must not in any case be *'false, misleading, deceptive'*<sup>32</sup> or creating false impressions about the harmful effects of the tobacco products. This includes any kinds of descriptors, trademark, signs suggesting that one tobacco product is less harmful than others or creating erroneous impression about the risk of tobacco consumption. The main requirement restricts advertisement of the nature that would deceive the consumer in believing that the tobacco product of one company place is less harmful than others. In other words, any kind of advertisement through the packaging is forbidden and any signs, colours,

descriptors, essentially everything that may be perceived appealing to the consumer's eye is deemed to be misleading about the harmfulness of the products. What is more, there are further requirements that the packaging should include graphical, large, written, legible warnings that have to cover a minimum part of the packaging (Members may use bigger ones). It is not a strictly demanded restriction, it is the one that is seen as being the best one for attaining greater public health protection and the Member States have the discretion for introducing more stringent for achieving the high goal of protecting the human health<sup>61</sup>. These stringent measures following Australia as an example are the plain packaging regime, which imposes limitations on the use of trademarks.

Accordingly, under Article 11(4) of the FCTC<sup>33</sup> plain packaging is to be implemented at the end of the supply chain, meaning that until the products reach the retail stores manufacturers are free to use their trademarks, the key obligation is that consumers do not be in contact with the signs on a retail level. This makes the new regime less restrictive and not so oppressive than it is claimed to be. The message conveyed through trademarks could still be there, it must not be done through the so-called final product. Since there is no risk to deter the protection of public health on the upper levels of the supply chain, proprietors are free to use their signs. The idea is that plain packaging is the most effective when it is directly communicated to consumers.

Thus, the enjoyment of intellectual property rights of the trademark proprietors is to be reduced. The space left on the packaging for word marks in generic font is considered sufficient, in order to establish and maintain a balance between the competing interests of the public and the trademark proprietors and that the commercial interests of the tobacco manufacturers is accounted for.<sup>34</sup> The trademark proprietors can still use colours, words and signs to distinguish their products, but not at retail level. It is so, because colours as marks, have played a major role in creating a certain perception of the consumers' minds.

#### Effects of Figurative and Colourful Marks

The consumers and in general people attribute characteristics to specific products relating to the colour of the packaging or the colour of the signs on the packaging, even though the products do not possess the particular features. For example, signs

consisting of light colours (pink, yellow, rose, silver) make consumers to perceive that the message conveyed is related to lightness and mildness, consequently, that the products are not as harmful as others.<sup>35</sup> Colours such as red, gold, strong blue, black convey the message that the cigarettes are stronger and respectively more harmful.<sup>11</sup>

In *Philip Morris Brands SARL and Others v Secretary of State for Health*<sup>36</sup> CJEU held that the colours do play a major part in the opinion developed in the brain of the consumers. Meanwhile, when the case of *British American Tobacco v Department of Health*<sup>37</sup> was being decided by EWHC, the issue of definition of the term "packaging" arose, which the court observed as a term not defined either in FCTC or under the guidelines issued thereof. The predominant discussion in this regard was over the issue, whether "packaging" is limited to the outer packaging or does it also cover the packaging of the tobacco product itself? Relying on the purpose of FCTC<sup>38</sup> and rationale laid down in the *Philip Morris*, the EWHC held that attractiveness of the product is the real "vice" that is intended to be regulated, and thus opined that packaging includes both the outer package and packaging of the tobacco product.

Several studies conducted in different jurisdiction strengthens the findings in aforesaid cases, and suggests that as compared to light coloured packs, darker, non-white colours were seemed to be less appealing.<sup>39</sup> Combinations of different colours, shapes and fonts are used in order to draw the attention of the consumer and create a certain perception in their minds. It influences them to make a particular choice also through generating and conveying certain messages. For example, some brands of cigarettes such as, *Davidoff*, *Sobranie*, *Parliament*, *Marlboro*, etc. are categorized as high class or luxurious ones due to their higher prices and image created by the trademark. Thus, the so-called brand loyalty is created, where consumers opt for specific products due to luxurious message conveyed through figurative trademarks.

It could be said that by purchasing a specific brand of cigarettes or tobacco products the consumers perceive that they choose the lavish lifestyle, which automatically puts the tobacco products on a pedestal as a way of a better life. Subsequently, the packaging through aesthetic appearance reinforce the brand loyalty, even though the claimed reason for the needed trademarks to identify brand differentiation. It

is an inevitable consequence of the performance of the essential function of a trademark to distinguish one undertaking from others. It was recognized that the colourful trademarked packaging influences consumers to pay less attention to health warnings implemented over a decade ago.<sup>40</sup>

There is no need for an actual promotion, consumers perceive that cigarettes are a form of an exclusive way of living. This is automatically communicated from adults to adolescents. Currently the issues with youths is that they are heavily influenced by the adults, the urge of growing up fast, and by their peers.<sup>41</sup> Therefore, it is determined that the use of trademarks promotes and increases tobacco consumption which subsequently reflects in a harmful way to the overall public health. Hence, by removing the allure of colourful packaging smokers will be encouraged to quit and young people will be discouraged from taking up smoking.

#### **Limitation on Expropriation**

Whenever there is a deprivation of property, there has to be a payment in return, unless there are exceptional circumstances, when the lack of payment is permitted, in accordance with the principle of proportionality.<sup>42</sup> In the British American Tobacco case the tobacco manufacturers contested that the deprivation is an expropriation, because the Member States have the right to decide which, how and where registered signs can be used or whether they can be used at all on the packaging of tobacco products.<sup>43</sup> By following this policy of plain packaging, the trademark holders are restricted from expropriation of their property.

#### **Consequences of Non-Usage of Trademark**

Tobacco manufacturers argued that, the value and substance of their property (trademarks) is dependent on use, hence, when the use is forbidden the value and substance are destroyed.<sup>43</sup> However, what is to be understood is that not all rights are removed and destroyed. The right to exclude others from using the mark, which is the main right of all, is still enforceable by the trademark proprietor. It can still be enforced and made use of by the owners, provided, there is no financial gain for the expropriator after the removal has occurred.<sup>44</sup> Therefore, if there is still 'meaningful use' left to the property and that it is not 'rendered useless'.<sup>43</sup> It is further to be understood that trademarks in legal terms are treated as an independent property, but it is also the cumulative

effect of rights from the real life perspective, which further proves that the control exercised by the plain packaging, or restrictive advertising, is on the trademarks as a whole, but on a partial right that it is attached to the mark.<sup>43</sup> Example could be provision of Section 47 of Trademark Act, 1999, in India. This provision basically de-registers a trademark upon non-usage of the same, and this argument can be taken up by tobacco industries once the dispute arises in India. However, Clause (3) of this provision grants relief to the trademark holders if the non-usage of trademark is the result of some law or policy.

#### **Freedom to Conduct Business**

As mentioned above, trademarks are a crucial part of the commercial activities of the tobacco manufacturers. Brands and brand loyalty are concepts that are established through trademarks and as a consequence of the normal business practices of each undertaking that is engaging in any kind of economic activities. The use of the signs being of the commercial reality falls within the freedom to conduct a business prescribed under Article 19(1)(g) of the Constitution.<sup>45</sup> However, the argument falls apart on pursuance of Clause (6)<sup>45</sup> which imposes reasonable restrictions on the aforesaid right, wherein it has been stated that:

*"(...) Nothing in sub clause (g) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, in the interests of the general public, reasonable restrictions on the exercise of the right conferred by the said sub clause (...)"*

As plain packaging, or restricted advertising, is being done in the interest of general public, in furtherance of Article 47,<sup>45</sup> as explained before, therefore, this argument won't sustain the ground as well.

#### **Scrutinizing the Consequence and the Cost**

In order to obtain a proper outcome of the discussion, it is important to go through different arguments, contentions, possibilities and alike, for determining an answer to two questions, viz. what is the cost of sacrificing the right in trademark and what is, or is probable, consequence of enforcement of law related to plain packaging. To answer these questions, the author is considering various arguments, which are being presented below, before reaching a concluding remark.

### **Trademark and Impact of its Removal**

A sign being a trademark becomes the legal emblem and signifier of the undertaking behind it, that is why a great deal of resources are invested in promoting and maintaining trademarks. Another way of putting this is that an undertaking defines itself through its trademarks and restricting the display of those marks will force their value and significance to become terminated.<sup>46</sup>

Restricting the use of signs would threaten and decrease the ability of consumers to make reasoned choices, as there would be no difference between the messages conveyed by the packaging of similar or identical products.<sup>47</sup> Thus, a measure that prevents the use of trademarks on tobacco products from delivering the institutional purpose of informing consumers and distinguishing products of a known undertaking, towards which the consumers have developed brand loyalty, due to the quality provided, would be grossly disproportionate not only as regards to the interests of the trademark proprietors, but as to the consumers as well.<sup>48</sup>

### **Effect of Plain Packaging on Trademark**

Upon registration trademarks become intangible assets, hence, they have an attached value to them, which increases with the investment made in promoting them. In order to increase that value usage of the property is a requirement. Example can be taken of the brand Marlboro which is neither a company, nor a product, but simply the brand of tobacco products that are sold. The value of the brand for 2017 was estimated to be 24.1 billion USD, which puts the brand at 25th place of the most valuable brands.<sup>49</sup>

The brand was generated through use of trademarks; hence the value of the brand includes the value of the trademarks used. Nevertheless, by removing the trademarks and banning them completely to be used on the packaging, the value of that brand and the trademarks themselves would decrease and eventually they would become worthless.<sup>47</sup> This does not in any case appear to be beneficial for the economic growth of the industry, nor for the achievement of perfect competition environment either.

### **Illicit Trade and Counterfeiting Products**

The introduction of plain packaging in Australia did not prove to be an effective measure against illicit trade and counterfeiting of tobacco products. In 2013-

14 (post plain packaging), there was a significant increase in the number of detections of illegally produced or transported cigarettes, with the only change being that the groups involved have changed the means of transportation of the products, which is an indication of a highly networked and skilled smugglers that are very adaptive to all different types of measures.<sup>50</sup>

The plain packaging makes it easier for counterfeiters to engage in their illegal activity, while makes it harder for consumers, manufacturers, retailers and law enforcement to differentiate between real and fake packs and because they are identical to the well-known marks, but cheaper, consumers opt for them.

### **Accomplishment of Plain Packaging**

Plain packaging has the aim of protection consumers and potential consumers. Their protection is vital, because they are the ones who buy the products, they are the ones who come in contact with the trademarks, they are the ones who assess the effectiveness of plain packaging. The key aspect is that the relevant public (average consumer) in the case of plain packaging is not the public as a whole, but only the smokers. Non-smokers' perception should not be considered, because as non-consumers with or without trademarks tobacco products' packaging is unappealing to them. The relevant public is the people who purchase the products and engage in differentiation of products through trademarks and have their own preferences for a particular product, not all people exposed to the trademarks and the availability of tobacco products.<sup>51</sup>

In a study carried out at the Department of Economics of the University of Zurich on the effect of plain packaging on the smoking prevalence of minors (14-17 years old) in Australia it has been documented that over the last 13 years (from January 2001 until December 2013) the observed prevalence has been declining steadily, with about 0.44 percentage points annually to be exact.<sup>52</sup>

Due to the lack of branding, the price has become a decisive factor for consumers when buying cigarettes. Thus, price increase will not be that beneficial for decreasing smoking rates. Because plain packaging destroys any kind of brand differentiation and communication between consumers and premium brands, undertakings lose their brand-loyal consumers.<sup>53</sup> All cigarettes are treated equal and the price is the most important factor, opting for the cheapest cigarettes.



This raise an argument on actual efficiency of the plain packaging, and on the contrary suggests that the decline in smoking is when a step back is taken and an observation is made on the accumulative effect of all anti-smoking measures introduced throughout the years.

### Conclusion

Primary objective of any government are preservation and promotion of public health. Government tries to provide for best environment possible by introduction of different legislative measures to that effect. The aim of the measures is to inform, educate and encourage the public to make the best choices and decisions possible, in order to preserve and improve its health. Nevertheless, the introduction and implementation of such measures inevitably affect third party rights. The above analysis shows that both the WHO and the member states are collectively willing to protect consumers at the expense of trademark rights in the tobacco industry.

The courts and governments seem to favour the new rules by drawing inspiration from Australia's plain packaging regime, which implicitly admits that previous measures were ineffective.<sup>11</sup> Intellectual property rights are being neglected in the urge of setting up the safest environment possible for the consumers. This blinkered approach of public authorities to restrict intellectual property rights for the achievement of better public health, without concrete evidence that the measures are fully effective, indicates that no policy is too impeding that it cannot be protected by law on the pretext of protecting consumers' health.<sup>11</sup> It proves that laws posing as public health initiatives are no longer informed and compelled by economic reality and interests of the public.<sup>11</sup>

However, consumers are not influenced by large warning signs or generic packaging. The curing of an addiction occurs after a visit to a doctor or because of a directly communicated anti-smoking campaign.<sup>54</sup> The effectiveness of such measures comes down to the consumers' personal choices. Instead of focusing the legislative efforts on what is in the pack, rather than what is on the pack<sup>55</sup>, the public authorities, with their desire to aid the public, pave the road for unprecedented dangers for the tobacco industry, other industries and consumers themselves. Instead, consumers demand transparency of product contents. They need to be educated by the public authorities and not to be told what to do through 'a stop' sign or a disturbing image as a 'warning' on the package.

Evidently, consumers wish to be aware about their purchase or consumption, and at the same time wants to be the final decider of the issue of the choices that they are making, regardless of the fact if they are good or bad. Trademarks have not only acted as the source of such information, but have also played a very important role in ensuring about the quality of the product, even without consumption of the same, which in turn makes it easier for the consumer to make informed choices. The new regime eradicates that. It targets manufacturers' trademark rights, instead of aiding consumers, without considering the potential risks for other industries and the threats that this lack of information would spread. Causing not only that, but also financial loss to manufacturers, loss of countries' tax revenue, the new public health protection measures may turn out to be a double-edged sword. Legislatures are trying to protect the public from health hazards by restricting economic rights of tobacco manufacturers, but in doing so they set a dangerous precedent for the global erosion of trademark rights across industries. This is done to the detriment of consumers, whose health is further exposed in the face of the underlying threat of counterfeit products that, upon consumption, are even more lethal than tobacco products.

### References

- 1 Jacobs M, *From the First to the Last Ash: The History, Economics & Hazards of Tobacco* (1992), [http://healthliteracy.worlded.org/docs/tobacco/Unit1/2history\\_of.html](http://healthliteracy.worlded.org/docs/tobacco/Unit1/2history_of.html).
- 2 Bunch F A, *Cigarettes Were Once 'Physician' Tested, Approved*, <https://www.drfarrahmd.com/2019/11/cigarettes-were-once-physician-tested.html>.
- 3 Ash A, Defining Moment: The Nazis launch the first public anti-smoking campaign, *Financial Times* (17 September 2010), <https://www.ft.com/content/3d78d24a-c068-11df-8a81-00144feab49a>.
- 4 Tobacco Fact Sheet, WHO (May 2017), <http://www.who.int/mediacentre/factsheets/fs339/en/>.
- 5 Osei Tutu J J, Human development as a core objective of global intellectual property, *Kentucky Law Journal*, 105 (2016) 16.
- 6 Case C-102/77 *Hoffmann-La Roche/Centrafarm*[1979] ECR 1139 Para 7.
- 7 Dean O H, Deprivation of trademarks through state interference in their usage, *European Intellectual Property Review*, 35 (10) (2013) 576.
- 8 Adriano V, Smoking or physical exercise? *European Intellectual Property Review*, 36 (10) (2014) 613.
- 9 WHO, *Framework Convention on Tobacco Control*, 5 (2003), <http://whqlibdoc.who.int/publications/2003/9241591013.pdf>.

- 10 WHO, Guidelines for Implementation of Article 11 of The Framework Convention on Tobacco Control, Packaging And Labeling of Tobacco Products, 46 (17–22 November 2008), [http://www.who.int/fctc/guidelines/article\\_11.pdf](http://www.who.int/fctc/guidelines/article_11.pdf). [hereinafter Guidelines 11].
- 11 Snowdon C, *Plain Packaging: Commercial expression, Anti-Smoking Extremism and the Risks of Hyper-Regulation* (Adam Smith Institute, 2012).
- 12 WHO, Global Action Plan for the Prevention and Control of NCDs 2013-2020, [http://www.who.int/nmh/events/ncd\\_action\\_plan/en/](http://www.who.int/nmh/events/ncd_action_plan/en/).
- 13 Article 47, Constitution of India, 1950.
- 14 Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975.
- 15 *Murlis Deora v Union of India and Ors* WP (Civil) 316 of 1999.
- 16 The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (hereinafter Act of 2003).
- 17 Pandey V, *India's Another Step Towards Plain Packaging of Cigarettes and Tobacco Products- An Overview of The Legislations Present*, <http://www.mondaq.com/india/x/448532/Healthcare/Indias+Another+Step+Towards+Plain+Packaging+Of+Cigarettes+And+Tobacco+Products+An+Overview+Of+The+Legislations+Present>.
- 18 Section 31, Act of 2003: Power of Central Government to Make Rules.
- 19 Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules, 2008.
- 20 *Love Care Foundation v Union of India and Others*, Writ Petition No.1078 (M/B) OF 2013.
- 21 Cigarettes and Other Tobacco Products (Packaging and Labeling) Rules, 2014; Press Information Bureau of India, Pictorial Warnings on Tobacco Products, <http://pib.nic.in/newsite/erecontent.aspx?relid=142510>.
- 22 ICANN Organisation, *Evidence of 'Use' Requirement for Trademark Protections*, <https://archive.icann.org/en/topics/new-gtlds/trademark-protections-evidence-use-07jun11-en.pdf>.
- 23 University of California, *Hohfeld's Legal Relations*, <https://www.ics.uci.edu/~alspaugh/cls/shr/hohfeld.html>.
- 24 Singer J W, The legal rights debate in analytical jurisprudence from Bentham to Hohfeld, *Wisconsin Law Review*, 975 (1982) 986-87.
- 24 Davison M & Emerton P, Rights, privileges, legitimate interests, and justifiability: Article 20 of TRIPS and Plain Packaging of Tobacco, *American University International Law Review*, 29 (3) (2014) 505.
- 25 TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights (1994); Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, (1869) UNTS. 299, (1994) 33 ILM 1197 (hereinafter TRIPS Agreement), Article 16(1).
- 26 Paris Convention for Protection of Industrial Property of March 20 1883, Article 6 quinquies C(1) (hereinafter Paris Convention).
- 27 Davison M, Plain packaging of Cigarettes: Would it be lawful? *Australian Intellectual Property Law Bulletin*, 23 (2010) 105; Carvalho N P, The TRIPS Regime of Trademarks Designs (Kluwer), 2<sup>nd</sup>ed, (2011) 343.
- 28 Dispute Settlement: DS174 'Panel Report, *EC– Trademark and Geographical Indications (Australia)*' [7.664].
- 29 Article 17, TRIPS.
- 30 Article 19(1), TRIPS.
- 31 Article 11, FCTC, World Health Organization.
- 32 Article 11(1)(a) FCTC, World Health Organization.
- 33 Article 11(4) FCTC, World Health Organization.
- 34 Halabi S, International trademark protection and global public health: A just compensation regime for expropriations and regulatory takings, *Catholic University Law Review*, 61 (2012)325.
- 35 Bonadio E, Plain packaging of tobacco products under EU Intellectual Property Law, *European Intellectual Property Review*, (2012) 599.
- 36 *Philip Morris Brands SARL and Others v Secretary of State for Health C-547/14* [CJEU].
- 37 *British American Tobacco and Others v. Department of Health* [2016] EWHC 1169.
- 38 Para 15, Guidelines for implementation of Article 13 FCTC, WHO: "Packaging is an important element of advertising and promotion. Tobacco pack or product features are used in various ways to attract consumers, to promote products and to cultivate and promote brand identity, for example by using logos, colours, fonts, pictures, shapes and materials on or in packs or on individual cigarettes or other tobacco products."
- 39 Moodie C, Ford A, MacKintosh A M & Purves R, Are all cigarettes just the same? Female's perceptions of slim, coloured, aromatized and capsule cigarettes, *Health Education Research*, 30 (1) (2015) 1-12; Department of Health and Ageing, Government of Australia, Market Research to Determine Effective Plain Packaging of Tobacco Product, August (2011), <https://www.health.gov.au/sites/default/files/market-research-to-determine-effective-plain-packaging-of-tobacco-products.pdf>.
- 40 McDonald J, Plain packaging for cigarettes: Evaluating implementation in the UK, *The Public Sphere: Journal of Public Policy*, 3 (2) (2015) 96-112.
- 41 White V, Williams T & Wakefield M, Has the introduction of plain packaging with larger graphic health warnings changed adolescents' perception of cigarette packs and brand? *B M J Journals Tobacco Control*, 24 (2) (2015) 42.
- 42 *Holy Monasteries v Greece App no 00013092/87 & 00013984/88* (1994) 20 EHRR 1.
- 43 *British American Tobacco and Others v Department of Health* [2016] EWHC 1169.
- 44 *Papamichalopoulos v Greece App no 14556/89* (1993) 16 EHRR 440.
- 45 Article 19(1)(g) Constitution of India, 1950.
- 46 Alemanno A, Out of sight out of mind, *Columbia Journal of European Law*, 18 (2) (2012) 197.
- 47 Staffin E B, The Dilution Doctrine: Towards A reconciliation with the Lanham Act, *Fordham Intellectual Property, Media and Entertainment Law Journal*, 6 (1) (1995) 105.
- 48 Phillips J, Trade Marks at the Limit (Edward Elgar, 2006).
- 49 The World's Most Valuable Brands' (*Forbes*, 2017).
- 50 Australian Crime Commission's yearly public report, Organised crime in Australia 2015, 68, [https://www.acic.gov.au/sites/g/files/net1491/f/2016/06/oca\\_2015.pdf](https://www.acic.gov.au/sites/g/files/net1491/f/2016/06/oca_2015.pdf).
- 51 Guidelines for Examination in OHIM, Part B, Examination, Section 4 Absolute Grounds for Refusal.

- 52 Kaul A & Wolf M, *The (Possible) Effect of Plain Packaging on the Smoking Prevalence of Minors in Australia: A Trend Analysis (2014)*, Working Paper No. 149 (Online ISSN 1664-705X) 9-10, [www.econ.uzh.ch/static/wp/econwp149.pdf](http://www.econ.uzh.ch/static/wp/econwp149.pdf).
- 53 Plain Packaging. The evidence speaks for itself (*JTI*, 2013), <http://www.jti.com/in-focus/plain-packaging/>.
- 54 Chapman S, The slow-burn, devastating impact of tobacco plain packs, *The Conversation* (3 December 2015), <http://theconversation.com/the-slow-burn-devastating-impact-of-tobacco-plain-packs-51727>.
- 55 Snowdon C, *Plain Packaging: Commercial Expression, Anti-Smoking Extremism and the Risks of Hyper-Regulation* (Adam Smith Institute, 2012) 44.