

The Trademark Lawyer

Issue 2 2015

GLOBAL REACH, LOCAL KNOWLEDGE

www.trademarklawyermagazine.com

Welcome to San Diego!

The Trademark Lawyer celebrates the 2015 INTA Annual Meeting with another bumper issue...



CTC Legal Media

PLUS

Knowledge share: Patent litigation and management in France



- INTA's president on the Association's global advocacy work
- EU ruling on proving distinctiveness
- Stepping into the shoes of in-house counsel
- Plain tobacco packaging - health or IP?



Manisha Singh Nair

Plain packaging: Health or IP?



Zoya Nafis

Manisha Singh Nair & Zoya Nafis of LexOrbis evaluate the plain packaging rule for tobacco packs that India is planning to introduce and looks at what other countries are doing in this area.

Plain packaging requires cigarettes and other tobacco products to be sold in standardized or generic packs without any attractive trademarks, logos, brand names or colors. In place of brand names the packs are covered with health warnings and only a small place is given for the brand name and that too is written in a plain uniform typeface. On implementation of the plain packaging rule every pack of the cigarette or other tobacco products appear same.

Australia being ahead of the whole world passed *The Tobacco Plain Packaging Act 2011*, implementing plain packaging and requiring cigarettes to be sold in drab brown packets, with graphic health warnings as of December 1, 2012. The said law imposed significant restrictions upon the color, shape and finish of retail packaging for tobacco products, and prohibited the use of trademarks on such packaging, other than in small plain uniform typeface. In addition to these regulatory requirements, textual health messages and graphic warnings were to be mandatorily placed on the package.

Plain packaging was heavily opposed in Australia by the Tobacco Industry, which argued that it deprives them of their nationally and internationally recognized trademark rights. However, the plea of the Tobacco Industry was rejected by the Australian High Court and the plain packaging rule survived in Australia despite every opposition.

The Indian scenario

An Indian High Court, while deciding a constitutional writ of *Love Care Foundation v Union of India*, held that the Government of India should take efforts to implement plain packaging for cigarettes and other tobacco products. The writ was filed by Love Care Foundation, a New Delhi based non-governmental organization (NGO), working for the holistic development of economically and socially challenged children. The petitioner pleaded that the sale and distribution of cigarettes and other tobacco products in the open market should be banned and a plain packaging rule in regard to cigarettes and other tobacco products must be implemented which prohibits the use of logos, colors, brand names or prominent information on packaging. However the petitioner later restricted its plea to requesting the implementation of a plain packaging rule.

The petitioner relied on various legislative documents and judicial pronouncements while submitting its point before the Court. It pleaded that the *Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce Production, Supply and Distribution) Act, 2003* and the *Cigarettes and Other Tobacco Products Rules, 2008* gave directions in regard to restricting the advertisement of cigarettes and health warnings regarding the ill effects of tobacco use respectively. However nothing has been done in stringent manner to implement these directives.

The petitioner also relied on the survival of the plain packaging rule in Australia and quoted the benefit, stating that the sales of cigarettes considerably reduced within a year of implementation of the plain packaging scheme in Australia and the same could be equally beneficial for India.

Furthermore, the petitioner pleaded that it is the duty of the State as per Article 47 of the Indian Constitution to raise the level of nutrition and standard of living to improve public health. The colorful cigarette packaging often attracts youngsters to smoke, thereby making it imperative to implement the plain packaging scheme.

The Court finally concluded the writ in the petitioner's favor and directed the Central Government to take stringent efforts to implement plain packaging rule for cigarettes and other tobacco products in the country.

Soon after the judgment passed in the above writ petition the Central Government of India through the

Résumés

Manisha Singh Nair, founding partner at LexOrbis

Manisha has over 15 years' experience in prosecuting IP matters in India and internationally. As an IP Attorney, Manisha has a unique distinction of practicing IP at both the prosecution and enforcement level. She regularly represents clients as their litigating counsel at the Supreme Court of India and various High Courts. Her rich experience in all aspects of the IP domain is also reflected in her prolific academic and research oriented writing contributions.

Zoya Nafis, Associate with the GRPP team at LexOrbis

Zoya earned her LLM in Intellectual Property Rights from NALSAR University of Law, Hyderabad. She focusses on writing for various publications on behalf of the firm and also works on other research projects. She has deep inclination towards Intellectual Property Rights and writes about evolving issues on the subject.



Pete Burana / Shutterstock.com

Ministry of Health and Family Welfare issued a notification in regard to the *Cigarettes and Other Tobacco Products (Packaging and Labelling) Amendment Rules, 2014*, which were supposed to come into effect from April 1, 2015, but the Health Ministry recently told the press that it is reconsidering the amendment rules.

The amendment is basically in regard to the specifications of the content and color of the health warning messages which are to be displayed on the tobacco product packaging. Once the proposed amendments came into force the requirements in regard to the packaging of cigarettes and other tobacco products would be:

- The health warnings shall cover 85% of the display area of the package, of which 60% shall cover pictorial health warnings and 25% textual health warnings.
- Any message, image or picture or any statement on the package that may directly or indirectly instigate the consumer for consumption of a specific tobacco brand or tobacco in general shall be prohibited.
- For smoking forms of tobacco products, the word 'WARNING' shall appear in white font color on a red background and the words, 'smoking causes throat cancer' shall appear in white font color on a black background.
- The textual health warning shall be inscribed in the language in which the brand name appears on the package.

The tobacco industry across the country opposed the above notification and pleaded that the plain packaging rule would affect their statutorily recognized property rights. Specifically the trademark right holders petitioned that it would affect the grass roots of their business as they have been spending a huge amount of capital to publicize their brand and keep their trademark enforced. They would therefore suffer losses if such a rule is implemented. Concerns regarding an increase in the sale of counterfeit goods if such a rule is implemented were also raised by the Tobacco Industry.

However, as the Health Ministry of India is rethinking on the above amendment rules some considerable delay could be expected in the implementation of the same, either with changes or without.

The trademark argument

Since the introduction of the plain packaging rule, there has been hue and cry from the Tobacco Industry. It argues that it is a violation of their property rights, more specifically their rights guaranteed under trademark law.

The tobacco industry strongly condemns the plain packaging rule by citing its disadvantages and believes that it would bring more harm to society. At the very outset the industry argued that the plain packaging rule will facilitate counterfeiting of goods. It would allow infringers to counterfeit the goods as there is no specific recognition of brands on the products. Plain packaging also raises alarms in regard to the quality of the product, as poor quality tobacco could easily be sold in the market, which would cause more harm to consumers. Since the packaging cost would be curtailed the overall cost of the product should also decrease, consequentially attracting more consumers.

Further, the Tobacco Industry spends a huge amount of capital publicizing and popularizing their trademarks and brand names and with time they earn goodwill and reputation in the market. With their efforts to provide the best quality product they often become the favorite of their consumers, who chose them despite numerous competitors in the market. If plain packaging were to be enforced then the whole idea of trademarks in the tobacco industry would fade and the efforts that have been taken by this industry so far would also be in vain. Moreover, they argue that there is no conclusive proof to say that plain packaging would necessarily lower the tobacco consumption rate.

As the idea of trademarking your brand for tobacco products would become meaningless with the implementation of the plain packaging rule, trademark attorneys would also lose a number of their clients.

How the world is dealing with it?

So far Australia is the only country which has implemented plain packaging; however, recently the United Kingdom (UK) and New

Zealand have also conducted public consultations examining the consequences of implementing plain packaging. Various intellectual property organizations submitted their views to the public consultations in the UK and New Zealand criticizing the plain packaging concept and advocating how it adversely affects their necessary intellectual property rights.

The International Trademark Association (INTA), which is a global association of trademark owners and professionals, submitted that the imposition of mandatory plain packaging for tobacco products would deprive trademark owners of their valuable property, which is in contradiction with the statutory laws and international instruments providing protection for trademarks¹. INTA further submitted that with plain packaging there would be an increase in the dangerous trade of counterfeit products.

MARQUES, another dominant trademark association in Europe, showed its concern regarding the adverse effects of the plain packaging rule and expansion of the same to other industries. It opined that plain packaging would deny one sector of industry the benefits of its intellectual property rights, and would be a dangerous precedent for the potential loss of rights in other industries as well². The issue is, therefore, a matter of concern to trademark owners across the European Union. Although the plain packaging debate is currently focused on tobacco products, there is growing concern that it will be extended to other “disfavored” products, such as alcohol, candy, sugars, and processed foods. For example, a parliamentary committee in the United Kingdom recently considered plain packaging for alcoholic beverages. Similarly, in the Philippines, the Department of Health has taken the position that it is entitled to prohibit firms from using registered trademarks on infant milk products that may “erode the efforts of the government to promote breast-feeding.”

Conclusion

There is no doubt that the plain packaging rule deprives the trademark owner of their IP rights and violates international standards in regard to IPRs, but it is also the duty of the state to protect and raise awareness in regard to the health and nutrition of its citizens. And the alarming hazardous impact of tobacco products on individuals and even society at large is known to all. It was revealed in a few surveys conducted by the World Health Organization that almost 275 million Indian adults, nearly 35% of the adult population and 14.6% of youths (aged 13-15 years) consume tobacco in some form or the other, resulting in nearly a million deaths yearly. Considering these figures, it is almost unnecessary to say how desperately strict actions against the excessive use of tobacco are needed in India. However, the Government has to strike a balance to keep in place intellectual property rights also.

¹ Comments by INTA:

<http://www.inta.org/Advocacy/Documents/October52012.pdf>

² Comments by MARQUES: Submission to the Republic of Ireland’s Department of Health Public Consultation on a proposal for an EU Directive on the Tobacco Products Directive (TPD), available at: www.marques.org/PositionPapers/Download.asp?ID=35



LexOrbis | INTELLECTUAL
PROPERTY
ATTORNEYS

709/ 710, Tolstoy House, 15-17 Tolstoy Marg
New Delhi - 110 001 India

T 91 11 2371 6565
F 91 11 2371 6556

www.lexorbis.com
mail@lexorbis.com

Identifying & Developing | Procurements | Transactions | Enforcement | Advisory & Consulting