

**AUSTRALIA – CERTAIN MEASURES CONCERNING TRADEMARKS
AND OTHER PLAIN PACKAGING REQUIREMENTS APPLICABLE TO
TOBACCO PRODUCTS AND PACKAGING**

Request for the Establishment of a Panel by Ukraine

The following communication, dated 14 August 2012, from the delegation of Ukraine to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 6.2 of the DSU.

On 13 March 2012, the Government of Ukraine ("Ukraine") requested consultations with the Government of Australia ("Australia") pursuant to Article 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, Article 64.1 of the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (the "TRIPS Agreement"), Article 14.1 of the *Agreement on Technical Barriers to Trade* (the "TBT Agreement"), and Article XXII of the *General Agreement on Tariffs and Trade 1994* (the "GATT 1994") concerning certain Australian laws and regulations that impose trademark restrictions and other plain packaging requirements on tobacco products and packaging (the "measures").

The request was circulated on 15 March 2012 as document WT/DS434/1, IP/D/30, G/TBT/D/39, G/L/985. Consultations were held on 12 April 2012 with a view to reaching a mutually satisfactory solution. Unfortunately, the consultations failed to resolve the dispute.

As a result, Ukraine respectfully requests that a panel be established to examine this matter pursuant to Articles 4.7 and 6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (the "DSU"), Article XXIII of GATT 1994, Article 64 of the TRIPS Agreement and Article 14 of the TBT Agreement.

Australia's measures impose significant trademark restrictions and other so-called "plain packaging" requirements regarding the appearance and packaging of tobacco products. The challenged measures are contained in:

- The Tobacco Plain Packaging Act 2011 (the "Plain Packaging Act"¹) and its implementing Tobacco Plain Packaging Regulations 2011 (the "Regulations"²);
- The Trade Marks Amendment (Tobacco Plain Packaging) Act 2011 (the "Trade Marks Amendment Act"³); and

¹ Tobacco Plain Packaging Act 2011, C2011A00148, Act No. 148 of 2011, *An Act to discourage the use of tobacco products and for related purposes*, 1 December 2011.

² Tobacco Plain Packaging Regulations 2011, Select Legislative Instrument 2011 No. 263 as amended, consolidated on 13 March 2012, including amendments up to SLI 2012 No.29.

- Any further implementing regulations and related acts, policies, or practices adopted by Australia that guide, amend, supplement, replace, and/or implement the above mentioned measures.

The measures are applicable to all tobacco products grown or manufactured for human consumption.⁴ They impose criminal penalties for virtually any action, including manufacture, supply, or packaging of tobacco products, that is not in compliance with the "tobacco product requirements" of the Plain Packaging Act and its implementing Regulations.⁵ The Plain Packaging Act provides that "[n]o trade mark may appear anywhere on a tobacco product" other than as permitted by the Regulations.⁶ The Plain Packaging Act further provides, inter alia, that "[n]o trade mark may appear anywhere on the retail packaging of tobacco products,"⁷ permitting the appearance of only the brand name, variant, business or company name and other marks pursuant to the relevant legislative requirements.⁸ The appearance of the brand name is regulated by the Plain Packaging Act and the implementing Regulations.⁹

The Plain Packaging Act further requires that tobacco product packages be "drab dark brown" (specified as Pantone 448C in the Regulations) in a matte finish, with no other colors, logos, or brand features visible on the package, other than the brand and variant name in a standard form and font below the graphic health warning.¹⁰ Tobacco product packaging will continue to contain graphic health warnings,¹¹ which are increasing from 30 percent to 75 percent of the front surface of each package and continue to cover 90 per cent of the back surface of the package.¹² The Plain Packaging Act and its implementing Regulations also regulate the physical features of retail tobacco packaging, imposing a standard form on the type and size of the package to be used.¹³ The Plain Packaging Act provides that cigarette packs and cartons must have a standardized shape with no decorative elements, and that cigarette packs must have flip-top openings.¹⁴ The lining of cigarette packs must only be foil backed with paper, or a material allowed by the Regulations.¹⁵

³ Trade Marks Amendment (Tobacco Plain Packaging) Act 2011, C2011A00149, Act No.149 of 2011, *An Act to amend the Trade Marks Act 1995, and for related purposes*, 1 December 2011.

⁴ Plain Packaging Act, Section 4.

⁵ Plain Packaging Act, Chapter 3.

⁶ Plain Packaging Act, Section 26. Section 26 (2) further states that "No mark may appear anywhere on a tobacco product, other than as permitted by the regulations. Regulations do not permit any trademark to be put on the tobacco product.

⁷ Plain Packaging Act, Section 20(1). Section 20 (2) further states that "No mark may appear anywhere on the retail packaging of tobacco products", other than as permitted by the subsection (3) which refers among others to brand names and other marks and trademarks as could be permitted by the regulations. The Regulations do not permit any trademarks to be put on the retail packaging of tobacco products.

⁸ Plain Packaging Act, Section 20(3). The relevant legislative requirements include a health warning, a fire risk statement, a trade description and a measurement mark.

⁹ Plain Packaging Act, Section 21; Regulations, clause 2.4.1.

¹⁰ Plain Packaging Act, Section 19; Regulations, clause 2.2.1.

¹¹ Graphic health warnings are regulated under the Australian Consumer Law, contained in Schedule 2 of the Competition and Consumer Act of 2010.

¹² Competition and Consumer (Tobacco) Information Standard 2011, which amends the system of health warnings mandated through the Trade Practices (Consumer Product Information Standards) (Tobacco) Regulations 2004 (the 2004 Regulations). Graphic health warnings taking up 75 per cent of the front surface of each package are mandatory from 1 December 2012.

¹³ Plain Packaging Act, Section 18; Regulations, clause 2.1.1.

¹⁴ Plain Packaging Act, Section 18(3)(b).

¹⁵ Plain Packaging Act, Section 18(3)(d).

Australia's measures, especially viewed in the context of Australia's comprehensive tobacco regulatory regime,¹⁶ appear to be inconsistent with a number of Australia's obligations under the TRIPS Agreement, the TBT Agreement, and GATT 1994:

- Article 15.1 of the TRIPS Agreement because the measures fail to give legal effect to the obligation that any distinctive sign be capable of constituting a trademark, and thus that it can be affixed on a lawfully available product to which it is to be applied;
- Article 15.4 of the TRIPS Agreement because the measures effectively prevent registration and protection of tobacco-related trademarks based on the nature of the product;
- Articles 1.1 and 15.4 of the TRIPS Agreement because, to the extent that Australia has implemented more extensive protection than is required by the TRIPS Agreement, it has done so in a manner that contravenes Article 15.4 of the TRIPS Agreement by denying trademark right holders of tobacco related trademarks the same right to the exclusive use of the trademark that is recognized for all other trademark right holders under Australian trade mark law based on the nature of the product;
- Article 16.1 of the TRIPS Agreement because the measures render ineffective the exclusive right of trademark owners to use signs and to prevent third parties from using similar signs, given that the distinctive character of the trademark cannot be maintained without using the trademark;
- Article 16.3 of the TRIPS Agreement because the measures fail to provide the additional protection for well-known marks by not permitting tobacco-related trademarks to demonstrate their entitlement to such additional protection;
- Article 20 of the TRIPS Agreement because the measures constitute an unjustifiable encumbrance on the use of trademarks by imposing the use of the trademark in a special form and in a manner that is detrimental to the trademark's capability to distinguish the goods of one undertaking from those of other undertakings;
- Article 2.1 of the TRIPS Agreement and Articles *6quinquies*, 7, and 10*bis* of the Paris Convention as incorporated in the TRIPS Agreement because the measures fail to accord effective "protection" of the trademark "as is", discriminate against tobacco-related trademarks based on the nature of the product, and fail to prevent acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

¹⁶ Australia has in place a generalized advertisement ban for tobacco products, set out in the Tobacco Advertising Prohibition Act 1992 (the "advertisement ban"). In addition, in the eight Australian States and Territories, retail display bans prohibit the public display of tobacco products in specified categories of retail stores (the "retail display bans"). *See, e.g.*, Australian Capital Territory's "Tobacco Act 1927", section 20; New South Wales' "Public Health (Tobacco) Act 2008", section 9; Western Australia's "Tobacco Products Control Act 2006", section 22; Northern Territory's "Tobacco Control Act 2011", section 20; Victoria's "Tobacco Act 1987", section 6(2AA); Tasmania's "Public Health Act 1997", section 72A; Queensland's "Tobacco and Other Smoking Products Act 1998", section 26A; South Australia's "Tobacco Products Regulation Act 1997", section 40. At the state and local level, Australia has also implemented bans on the consumption of tobacco products in certain areas and under certain circumstances ("smoking bans").

- Article 1.1 of the TRIPS Agreement because Australia has failed to give effect to the above referenced provisions of the TRIPS Agreement;
- Article 2.2 of the TBT Agreement because the measures are a technical regulation that was prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade by being more trade-restrictive than necessary to fulfil the stated health objectives; and
- Articles I and III:4 of the GATT 1994, Article 3.1 of the TRIPS Agreement, and Article 2.1 of the TBT Agreement because the measures fail to respect the non-discrimination requirements set out in these provisions by according less favourable treatment to products imported from certain countries than that accorded to like products of Australian origin and to like products originating in other countries, and thereby not providing equal competitive opportunities to all imported tobacco products alike, and to all foreign trademark right holders alike, as compared to like domestic and imported tobacco products and trademark right holders.

These violations nullify or impair the benefits accruing to Ukraine under the aforementioned Agreements.

Accordingly, Ukraine respectfully requests the establishment of a panel with terms of reference in accordance with Article 7.1 of the DSU.

The Government of Ukraine asks that this request be placed on the agenda of the next regular meeting of the Dispute Settlement Body, scheduled to be held on 31 August 2012.
