

THE IMPACT OF PLAIN PACKAGING LEGISLATION ON AUSTRALIAN TRADE MARK LAW

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This paper discusses the impact of plain packaging legislation on Australian trade mark law, in particular the Australian Trade Marks Act 1995. The paper includes a brief overview of each of the following statutory enactments:

- *The Tobacco Plain Packaging Act 2011 (TPP Act);*
- *The Tobacco Plain Packaging Regulations, 2011 (TPP Regulations);*
- *Trade Marks Amendment (Tobacco Plain Packaging) Act, 2011*

In relation to the law of trade marks in Australia the paper considers the implications of a system which permits trade marks to be registered but not used. In some detail the paper examines the provisions in the TPP Act relating to the effect on the Trade Marks Act 1995 of non-use of a trade mark as a result of the TPP Act and the likely consequences of those provisions. In this context the paper also considers the likely effect of the government's regulatory powers under the newly introduced section 231A (the so-called "Henry VIII" clause). The paper concludes with a discussion of whether plain packaging is likely to reduce smoking and whether the government would achieve the desired smoking reduction target without tampering with the Trade Marks Act 1995.

1. INTRODUCTION

Plain packaging of tobacco products is part of a comprehensive suite of reforms introduced by the Australian government to reduce smoking. The legislative reforms are contained in the *Tobacco Plain Packaging Act, 2011*¹ and the objective of that Act is stated to be the improvement of public health by, inter alia, discouraging people from taking up smoking or using tobacco products.² The definition of tobacco

¹ The Tobacco Plain Packaging Act, 2011 received the Royal Assent on 1 December 2011. The commencement dates in respect of the various provisions of the Act are set out under section 2 of the Act with the principal provisions implementing plain packaging coming into effect on 1 December 2012.

² Section 3(1) The objects of this Act are:

- (a) to improve public health by:
 - (i) discouraging people from taking up smoking, or using tobacco products; and
 - (ii) encouraging people to give up smoking, and to stop using tobacco products; and
 - (iii) discouraging people who have given up smoking, or who have stopped using tobacco products, from relapsing; and
 - (iv) reducing people's exposure to smoke from tobacco products; and

products broadly refers to processed tobacco or any product that contains tobacco that is manufactured to be used for smoking, sucking, chewing or snuffing.³ The legislation seeks to achieve its objective by regulating the retail packaging and appearance of tobacco products by reducing the appeal of tobacco products to consumers and, as stated in the legislation, by also reducing the ability of the retail packaging of tobacco products to mislead consumers about the harmful effects of smoking or using tobacco.⁴

According to the Explanatory Memorandum to the *Tobacco Plain Packaging Bill 2011* "messages and images promoting the use of tobacco products can normalise tobacco use, increase uptake of smoking by youth and act as disincentives to quit. Research shows that packaging of tobacco products is an important element of advertising and promotion and its value has increased as traditional forms of advertising and promotion have become restricted in countries such as Australia. Tobacco packaging's primary role is to promote brand appeal, particularly to youth and young adults while plain packaging has been shown to be less appealing for youth who might be thinking of trying smoking."⁵

Additional – and much more specific – requirements relating to the appearance of tobacco products and the retail packaging of tobacco products are prescribed in the Regulations to the *Tobacco Plain Packaging Act, 2011 (TPP Act)*.⁶

(b) to give effect to certain obligations that Australia has as a party to the Convention on Tobacco Control.

³ Section 4 of TPP Act.

⁴ Section 3(2) It is the intention of the Parliament 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.

⁵ Explanatory Memorandum to the Tobacco Plain Packaging Bill, 2011, p. 2. As authority for these propositions the Explanatory Memorandum cites the following:

1. Hammond et al 2009, 'Cigarette pack design and perceptions of risk among UK adults and youth', *European Journal of Public Health*, vol. 19, no. 6, pp 631-637 and Moodie, C & Hastings G 2009, 'Making the Pack the Hero, Tobacco Industry Response to Marketing Restrictions in the UK: Findings from a Long-Term Audit', *Int Journal Mental Health Addiction*.
2. Hammond et al 2009, 'Cigarette pack design and perceptions of risk among UK adults and youth', *European Journal of Public Health*, vol. 19, no. 6, pp. 631-637.

⁶ Tobacco Plain Packaging Regulations 2011

In tandem with the plain packaging legislation and the regulations under that legislation, the government also introduced the *Trade Marks Amendment (Tobacco Plain Packaging) Act, 2011*. According to the Explanatory Statement accompanying the introduction of the regulations to the TPP Act and the trade mark amending legislation taken together, "*ensure tobacco companies can continue to register, maintain and protect their trademarks in Australia. The purpose of the Trade Marks Amendment (Tobacco Plain Packaging) Act 2011 is to provide a regulation making power in the Trade Marks Act 1995 so that, if necessary, the Government can quickly remedy any unintended interaction between the Act and the Trade Marks Act 1995.*"⁷

Before discussing the impact of the plain packaging legislation on Australian trade mark law and the Australian Trade Marks Act 1995, it is worthwhile providing a brief overview of the TPP Act and the Regulations under that Act in order to better understand the likely impact of that legislation on trade marks in Australia.

2. STANDOUT FEATURES OF TPP ACT 2011 AND REGULATIONS

The focus of this summary of the TPP Act is the requirements for plain packaging and the appearance of tobacco products. However, the following aspects of the TPP Act 2011 are noteworthy:

- i. The commencement provisions – see Annexure A to this paper.
- ii. The offences and civil penalty provisions which extend from section 30 to section 50.
- iii. The powers to investigate contraventions of the Act (section 51 to section 83) read with the enforcement provisions (sections 84 to 105).

OFFENCES AND PENALTY PROVISIONS

⁷ Explanatory Memorandum, Select Legislative Instrument 2011, no. 263 at p. 1

The offences provisions extend broadly to any person who supplies or purchases tobacco products in retail packaging that does not comply with the requirements of this Act as well as persons involved in the packaging of tobacco products for retail sale if the packaging does not comply with those requirements. The provisions extend to persons who supply, purchase or manufacture tobacco products that do not comply with the prescribed requirements or who supply tobacco products that are not packaged for retail sale without certain contractual prohibitions. Accordingly such persons may commit either a fault-based offence or a strict liability offence and may also contravene a civil penalty provision.

POWERS TO INVESTIGATE

The investigative powers provided in the TPP Act allow an authorised officer⁸ to enter premises if there are reasonable grounds for suspecting that there may be material on the premises related to the commission of an offence or the contravention of a civil penalty provision in this Act. However, it is worth noting that entry must be with the consent of the occupier of the premises or under a warrant.

REQUIREMENTS FOR RETAIL PACKAGING AND APPEARANCE OF TOBACCO PRODUCTS

In relation to retail package of tobacco products there is a general prohibition on trade marks appearing on retail packaging⁹ other than the following:

The following may appear on the retail packaging of tobacco products:

- (a) the brand, business or company name for the tobacco products, and any variant name for the tobacco products;*
- (b) the relevant legislative requirements;*
- (c) any other trade mark or mark permitted by the regulations.¹⁰*

⁸ An authorised officer is defined as a person appointed under section 81 as an authorised officer. Section 81 is headed "appointment of authorised officers and says: The secretary may, in writing, appoint the following persons as authorised officers: (a) a person who is appointed or engaged under the *Public Service Act 1999*; (b) a member or special member of the Australian Federal Police.

⁹ Section 20

¹⁰ Section 20(3)

Any brand, business or company name, or any variant name, for tobacco products that appears on the retail packaging of such products must comply with any requirements prescribed by the regulations.¹¹ Worth noting is the section in the Act which provides that no part of the retail packaging of tobacco products may make a noise, or contain or produce a scent, that could be taken to constitute tobacco advertising and promotion.¹²

As regards the appearance of tobacco products there is a clear prohibition on trade marks appearing anywhere on a tobacco product other than permitted by the regulations.¹³ However, the standout provision in this part of the Act is the section which addresses the effect on the Trade Marks Act, 1995 of the non-use of a trade mark as a result of the TPP Act. The relevant section of the Act is section 28 and a copy of that section is included with this paper as ANNEXURE B. The operation of section 28 is explained as follows in the Explanatory Memorandum to the TPP Bill:

*The Bill prevents trade marks from being placed on tobacco products or their retail packaging. However, clause 28 preserves a trade mark owner's ability to protect a trade mark, and to register and maintain registration of a trade mark. To this end, clause 28 provides for the way various provisions of the Trade Marks Act 1995 and the Trade Marks Regulations 1995 will operate in relation to the provisions of the Bill. For example, a tobacco manufacturer that applies for the registration of a trade mark in respect of tobacco products is taken to intend to use the trade mark in Australia, if it would use it on the products or retail packaging, but for the operation of the Bill. Similarly, if someone applies for removal of a trade mark from the register, alleging that the trade mark has not been used, this allegation will be rebutted by evidence that the registered owner would have used the trade mark, but for the operation of the Bill.*¹⁴

TOBACCO PLAIN PACKAGING REGULATIONS

¹¹ Section 21(1)

¹² Section 24

¹³ Section 26

¹⁴ Explanatory Memorandum, Tobacco Plain Packaging Bill 2011, House of Representatives 2010-2011, p. 16

The bulk of the regulations under the TPP Regulations 2011 relate to the requirements for retail packaging of tobacco products. Such requirements fall under the following headings:

- i. Physical features of retail packaging
- ii. Colour and finish of retail packaging
- iii. Trade marks or marks on retail packaging
- iv. Brand, business, company and variant names

The following brief summary focuses on noteworthy aspects of these requirements:

i. Physical features of retail packaging

The requirements include specific dimensions for cigarette packs – height must be not less than 85 mm or more than 125 mm, the width must be not less than 55 mm and more than 82 mm and the depth must be not less than 20 mm or more than 42 mm. Requirements relating to the flip-top lid and the lining of the packs are also provided.¹⁵

ii. Colour and finish of retail packaging¹⁶

- Outer surface must be the colour identified as Pantone 448C – see ANNEXURE C;
- Inner surfaces must be WHITE;
- Lining must be SILVER coloured foil with WHITE paper backing;

In addition to those regulations, section 19 of the TPP Act also addressed the colour and finish of retail packaging. In particular, that section states that all outer surfaces of packaging must have a matt finish and unless otherwise specified in the regulations "must be drab dark brown".¹⁷ The colour requirements do not extend to "calibration marks".¹⁸

¹⁵ Regulation 2.1.1.

¹⁶ Regulation 2.2.1

¹⁷ Section 19 of the TPP Act exempts certain text from the colour restrictions, eg. health warnings, etc.

¹⁸ A calibration mark means a mark used only for the purposes of the automated manufacture of retail packaging.

iii. Trade marks or marks appearing on retail packaging

According to Regulation Reg 2.3.1 the following are permitted to appear on primary and secondary packaging:

- one or more "origin marks" – see definition below¹⁹
- one or more calibration marks
- a measurement mark and trade description
- a bar code
- a fire risk statement
- a locally made product statement
- a name and address

In relation to measurement marks and trade descriptions the Regulations state that a measurement mark or trade description on primary packaging or secondary packaging must be printed:

- (a) in the typeface known as Lucida Sans; and
- (b) no larger than the minimum size required by those Regulations; and
- (c) for any other measurement mark or trade description – no larger than 10 points in size;
- (d) in normal weighted regular font; and
- (e) in the colour known as Pantone Cool Gray 2C.

v. Brand, business, company and variant name²⁰

Any brand, business or company name, or any variant name, appearing on cigarette packs or cigarette cartons must be printed:

- (a) in the typeface known as Lucida Sans; and
- (b) for a brand, business or company name – no larger than 14 points in size; and
- (c) for a variant name – no larger than 10 points in size; and
- (d) with the first letter in each word capitalised and with no other upper case letters; and
- (e) in a normal weighted regular font; and

¹⁹ An origin mark must be (a) an alphanumeric code or (b) a covert mark that is not visible to the naked eye.

²⁰ Regulation 2.4.1

- (f) in the colour known as Pantone Cool Gray 2C.

Part 3 of the Regulations, addresses requirements for the appearance of tobacco products. The paper casing, including any filter tip, must be white. Cigarettes may be marked with an alphanumeric code.

3. IMPACT ON AUSTRALIAN TRADE MARK LAW

The requirement that a trade mark be used – or, at the very least, that there be a clearly ascertainable intention to use the trade mark – is one of the cornerstones of Angle-Australian trade mark law. Indeed, it has been said that the requirement that trade marks be used goes to "the very heart of the economic rationale and effective functioning of a trade mark system".²¹ Long before the requirement of use was reflected in the trade mark legislation of the United Kingdom and Australia, the English courts – including the House of Lords - had clearly articulated the importance of trade mark use in the following terms:

*Can a man properly register a Trade Mark for goods in which he does not deal, or intend to deal – meaning by intending to deal, having at the time of registration some definite and present intention to deal in certain goods or descriptions of goods, and not a mere general intention of extending his business at some future time to anything which he may think desirable? This question we answer in the negative.*²²

A specific statutory requirement that a trade mark be used or be intended to be used was included in Australian trade mark law by way of the Trade Marks Act 1912 (Cth). Under that Act, a trade mark was defined as being a mark that is used or proposed to be used. This same requirement is an integral part of the definition of a trade mark under the Trade Marks Act 1995. Section 17 of that Act defines a trade mark as follows "A trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person".

²¹ Robert Burrell and Michael Handler, *Australian Trade Mark Law*, 2010, 283 quoting from D Llewelyn and I Brattne, 'Non-Use of Registered Trade Marks Under British Law' (1982) 13 IIC 319,319.

²² Re *Registered Trade Marks of John Batt & Co* (1898) 15 RPC 534 (CA UK); *J Batt & Co v Dumnett* (1899) 16 RPC 411 (HL).

INTENT TO USE

The intention to use prescribed under section 17 is not open-ended. Australian and United Kingdom case law makes it clear that although the definition envisages some degree of futurity, there must be a commitment to "definitely" use the trade mark or, at the very least, a resolve to use the trade mark "in the immediate future".²³ This United Kingdom case remains the leading authority in Australia in relation to what constitutes an intention to use the trade mark. Prior to the introduction of the plain packaging legislation the requirement that a trade mark be used was central to the Australian trade mark regime. The introduction of a concept that a trade mark may be registered but cannot be used runs counter to fundamental principles of trade mark law.

It follows that the government's plain packaging legislation undermines a long-standing and very basic concept of the law relating to trade marks. The prohibition on the use of a registered trade marks takes away the economic rationale and effective functioning of the trade mark system.

4. IMPACT OF TPP ACT ON TRADE MARKS ACT, 1995

The Explanatory Memorandum in respect of the Tobacco Plain Packaging Bill 2011 states²⁴ that a trade mark owner's ability to protect a trade mark – and the ability to register and maintain registered trade marks – is preserved by section 28 of the TPP Act. That section is set out in full at ANNEXURE B to this paper.

The section is constructed to address specific provisions in the Trade Marks Act, 1995. Each of these provisions is discussed below.

STATUTORY DEFINITION OF TRADE MARK AND REQUIREMENTS FOR MAKING TRADE MARK APPLICATION

Section 28(1) provides that an applicant for registration of a trade mark in respect of tobacco products "is taken to intend to" use the trade mark or authorise another

²³ Duckers's Trade marks (1928) 45 RPC 397 at 402 (CA, UK)

²⁴

person to use the trade mark or assign the trade mark to a body corporate about to be constituted. This wording seeks to replicate the requirements for making an application for registration of a trade mark under section 27 of the Trade Marks Act, 1995. For the reasons discussed above it is questionable whether this assumption of an intention to use, in circumstances where there is no prospect whatsoever of the trade mark being used – other than a trade mark complying with the regulations to the TPP Act – adequately avoids the making of a defective application. For the same reasons it is questionable whether this assumed intention to use complies with the definition of a trade mark in the Trade Marks Act.²⁵ To fall within the definition of a trade mark, the sign sought to be registered must be "used" or "intended to be used". The requirement that the sign be intended to be used should reflect "a resolve or settled purpose" to commence use of the sign. The prohibition on the use of a trade mark for tobacco products, appears to have the consequence that any trade mark for tobacco products – other than a trade mark that complies with the Regulations to the TPP Act – cannot comply with the definition of a trade mark under section 17 of the Trade Marks Act. And finally, it would seem that an opposition to a trade mark accepted on the basis of this assumed intention to use would have good prospects of success on the ground that an applicant for registration of a trade mark for tobacco products – other than a trade mark that complies with the Regulations – cannot be used.

²⁵ Section 17 **What is a trade mark?** A *trade mark* is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

SECTION 42 (Trade Marks Act): Trade Marks Contrary to Law

Under the Trade Marks Act a trade mark may be subject to objection at examination and/or opposition on the basis that use of the trade mark is contrary to law.²⁶ Section 28 in the TPP Act provides that the relevant provision in the Trade Marks Act does not have the effect that the use of a trade mark in relation to tobacco products would be contrary to law.

SECTIONS 38 AND 84A (Trade Marks Act): REVOCATION

There are a number of provisions in the Trade Marks Act that relate to revocation of a mark – section 38 relates to the revocation of an accepted trade mark prior to registration and section 84A allows the Registrar of Trade Marks, in certain circumstances, to revoke a registered trade mark. Section 28 in the TPP Act refers specifically to those sections in the Trade Marks Act and states that neither the operation of the TPP Act nor circumstances preventing the use of tobacco products under that Act provide grounds for not registering or revoking the acceptance or registration of trade marks for tobacco products.

SECTION 94 (Trade Marks Act): NON-USE OF A REGISTERED TRADE MARK

The Trade Marks Act provides for the removal of trade marks on the grounds of non-use.²⁷ Section 28 offers a defence to the removal of trade marks registered for tobacco products in terms of which the owner of such a trade mark is taken to have rebutted the allegation of non-use if the owner establishes that the trade mark would have been used in Australia but for the operation of the TPP Act.

ASSESSMENT OF DISTINCTIVENESS UNDER THE TRADE MARKS ACT

The registrability of a trade mark under the Trade Marks Act is assessed in terms of section 41 of that Act. In particular, section 41(2) states that an application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services. In determining whether a trade mark sought to be registered is inherently adapted to distinguish, the Registrar may

²⁶ Section 42 **Trade mark scandalous or its use contrary to law** An application for the registration of a trade mark must be rejected if: (a) the trade mark contains or consists of scandalous matter; or (b) its use would be contrary to law.

²⁷ Section 94

take into account the use, or intended use, of the trade mark by the applicant.²⁸ In the case of trade marks that are not to any extent inherently adapted to distinguish the designated goods or services, the trade mark may nevertheless be taken to be capable of distinguishing the designated goods or services if the applicant establishes that because of the extent to which the applicant has used the trade mark before the filing date of the trade mark application, the trade mark does in fact distinguish the designated goods or services.²⁹ The operation of these subsections turn on the extent to which a trade mark sought to be registered has been in use in Australia. A significant proportion of trade marks proceed to acceptance and registration under Section 41(5).

There is nothing in the TPP Act – and specifically there is nothing in section 28 of that Act – dealing with determinations of inherent adaptability to distinguish in circumstances where the Registrar of Trade Marks is unable to decide that issue in respect of trade marks for tobacco products. The consequence of this would seem to be that trade marks for tobacco products – other than trade marks that satisfy the Regulations to the TPP Act – are precluded from registration under section 41(5) and section 41(6) of the Trade Marks Act. In effect this creates a two-tier trade mark system – i.e. that trade marks that may proceed to acceptance and registration under one or other of the subsections of section 41 and other trade marks which can proceed to acceptance and registration only in terms of section 41(3).

5. REGULATORY POWERS under the "HENRY VIII" Clause

In the second reading speech dealing with the Trade Mark Amendment Bill, the Minister stated that the introduction of the regulations under the Bill were required "so that, if necessary in the future, the government can quickly remedy any unintended interaction between the TPP Bill and the Trade Marks Act that cannot be dealt with under the TPP Bill."³⁰ Given the seemingly broad language of the regulations and given the widespread disquiet expressed over the wording of this

²⁸ Section 41(5) of the Trade Marks Act

²⁹ Section 41(6) of the Trade Marks Act

³⁰ The Senate, Legal and Constitutional Affairs Legislation Committee, page 2

provision, the full text of section 231A of the Trade Marks Act, 1995 is set out in ANNEXURE C to this paper.

The following verbal exchange during the public hearing of the Senate Legal and Constitutional Affairs Legislative Committee provides some insight into the nature of the debate regarding this provision:³¹

Senator CASH: What are the unintended interactions that you are referring to?

Mr Reid: Because they are unintended we cannot really predict what they might be, but the problem is, of course, that they –

Senator CASH: For you to say that, I assume that you have actually canvassed the possibility of unintended interaction?

Ms Huxtable: As I said there in respect of unintended interactions, the first relates to the potential for new and idiosyncratic trademark disputes which often arise. When new legislation is introduced affecting the operation of trademark law the practical interpretation of that legislation cannot always be foreseen.

Senator CASH: So they are the known potential consequences. What about the unintended consequences?

Ms Huxtable: The unintended consequences go to the consequence of an interpretation that may result in an unintended consequence in respect of the operation of the Act. That is the consequence of-

Senator CASH: Unknown consequences? You do not know what they are?

Mr Reid: No, we do not know what they are.

Senator CASH: They are intended; they are unknown?

Ms Huxtable: Yes.

Of particular note within section 231A is subsection (3) which states the following:

- (3) Regulations made for the purposes of subsection (1):
 - (a) may be inconsistent with this Act; and
 - (b) prevail over this Act (including any other regulations or other instruments made under this Act), to the extent of any inconsistency.

This provision was described during the Senate Committee as a "Henry VIII" clause –that is, an express provision which authorises the amendment of either the empowering legislation or any other primary legislation by means of delegated

³¹ Ibid, page 28

legislation. Given the very broad regulatory powers spelt out in subsection (3) of Section 231A and given the obvious potential for "unintended consequences", the prospect of further distortions to trade mark law in Australia would appear to be a very real risk.

RATIONALE FOR PLAIN PACKAGING

The impetus for introducing legislation to prohibit the use of branding, logos, symbols and other images on tobacco products appears to have originated in the 2009 recommendations of the Preventative Health Taskforce, an expert group set up by the Australian government to examine the evidence on tobacco, alcohol and obesity.³² In particular the discussion paper produced by the Taskforce recommends that the tobacco industry be further regulated *"with measures such as ending all forms of promotion including point-of-sale displays and mandating plain packaging of tobacco products."*³³

Very shortly after the release of the discussion paper by the Preventative Health Taskforce, the Government announced in April 2010 its intention to introduce plain packaging for tobacco products. Somewhat ambiguously the Explanatory Memorandum says that tobacco company branding, logos, symbols and other images "may" have the effect of advertising or promoting the use of tobacco products. The use of the word "may" is important and this lack of certainty featured prominently in discussions following the release of the Explanatory Memorandum. During the Senate debates in respect of the proposed legislation to amend the Trade Marks Act it was contended that tobacco packaging glamorised smoking.³⁴ In the course of responding to that line of argument Senator Boyce said "(W)e continue to have the point made that we have no evidence whatsoever that plain packaging will reduce smoking".

The issue of whether or not the removal of branding, logos, symbols and other images from tobacco products will discourage smoking is clearly contentious.

³² Australian Government, "AUSTRALIA: THE HEALTHIEST COUNTRY BY 2020", a discussion paper prepared by the National Preventative Health Taskforce

³³ Ibid, page 23

³⁴ Senator Carol Brown: "... research suggests that the current packaging of tobacco products glamorises smoking". Parliamentary Debates in the Senate, Wednesday 9 November 2011, p 77

Perhaps the most sensible conclusion at this point in time is provided in a recent paper published by Alberto Alemanu and Enrico Bonadio in the John Marshall Review of Intellectual Property Law:

*Because this is an as yet untried form of an anti-tobacco tool, an interesting war of conflicting evidence, contradictory expertise and diverging narratives is currently surrounding the discussion about its implementation. In particular, given the lack of data on previous use, it does not seem possible to determine how consumers may react, but only how consumers say they will react.*³⁵

Even the Department of Health in its submissions to the House of Representatives Inquiry into Plain Packaging of Tobacco Products could go no further than saying that removing colours and design elements from packs may reduce brand appeal.³⁶

MEASURES OTHER THAN PROHIBITING TRADE MARK USE

According to the Department of Health and Aging the proportion of Australians aged 14 and over smoking daily fell from 30.5% in 1988 to 16.6% in 2007.³⁷ This percentage was further reduced to 15.1% by 2010.³⁸ This significant result was achieved by tobacco control measures including social marketing campaigns, health warnings on packaging, workplace and broader indoor smoking bans, support for smoking cessation through Quitlines, the availability of Nicotine Replacement Therapies on the Pharmaceutical Benefits Scheme for some people, increases in tobacco excise and implementation of advertising bans.

In moving to the next phase of its plans to reduce smoking, the Australian Government has taken, or is in the process of taking, the following steps:

Australian Government Action on Smoking

The Council of Australian Governments (COAG) has agreed a target of reducing the smoking rate among the Australian population to 10 per cent by 2018, and halving the smoking rate among Aboriginal and Torres Strait Islander people.

³⁵ Alberto Alemanu and Enrico Bonadio "Do you mind my Smoking? Plain Packaging of Cigarettes under the TRIPS Agreement" (10: 450 2011)

³⁶ Submissions of the Department of health and Ageing, July 2011

³⁷ Ibid

³⁸ Department of Health Consultation Paper, 30 September 2011

Comprehensive reforms initiated by the Australian Government to meet this target include:

- a 25% increase in tobacco excise in April 2010, the first increase above inflation for more than a decade;
- the introduction of plain packaging for tobacco products;
- the introduction of legislation to bring restrictions on internet advertising of tobacco products into line with advertising in other media;
- record investments in anti-smoking social marketing campaigns, including the '4,000 Chemicals' campaign in 2010, and the new \$61 million National Tobacco Campaign, 'Every cigarette brings cancer closer' in 2011;
- a further \$27.8 million over four years for social marketing campaigns targeted to high-risk and hard to reach groups;
- investment of \$14.5 million in the Indigenous Tobacco Control Initiative which is funding 18 innovative pilot projects in Indigenous communities around Australia;
- the \$100.6 million COAG Closing the Gap in Indigenous Health National Partnership, Tackling Smoking measure which will employ a tobacco action workforce in 57 regions across Australia by 2012-13;
- the first ever Aboriginal and Torres Strait Islander-specific national anti-smoking television campaign 'Break the Chain' launched in March 2011;
- \$5 million in one-off funding for Quitlines in 2009-10; and
- \$102.4 million to support extended listings on the Pharmaceutical Benefits Scheme for nicotine replacement therapies and other quit smoking supports.³⁹

Given the very obvious success of similar measures in reducing the number of smokers in the period up to 2007 and, thereafter, by 2010 and given the enhanced level of the measures listed above excluding plain packaging, it is not unreasonable to contend that the government would have every expectation of achieving its desired result— that is, reducing the smoking rate to 10% by 2018 – without introducing plain packaging legislation and without tampering with Australia's trade mark law.⁴⁰

The reasons put forward by the Department of Health in favour of plain packaging are hardly compelling.⁴¹ There are oft-repeated, but largely unsubstantiated claims, that young adult smokers identify cigarette brands and packaging with "positive

³⁹ *ibid*, p. 14

⁴⁰ Unsubstantiated modelling by the Department of Health predicted an outcome of 14% by 2020 under the existing cessation regime but, this must be open to question given the reduction achieved by 2007 and, again, by 2010 (i.e. 15.1%) under the existing deterrent schemes.

⁴¹ Department of Health Consultation Paper, 30 September 2011, 15

personal characteristics, social identity and aspirations". The difficulty of demonstrating this type of very subjective response is self-evident. The Department's reliance on research in relation to plain packaging by the Cancer Council of Australia also lacks an objective and unbiased assessment of the effect of plain packaging.

CONCLUSION

The primary rationale for plain packaging is to reduce the attractiveness and appeal of tobacco products to consumers. The appeal of packaging varies depending on, inter alia, the nature of the packaged goods and the nature of the typical consumer for such goods. The appeal of confectionery goods and soft drinks targeted at children is clearly enhanced by attractive and enticing packaging. Top end luxury goods offered for sale under a one word name – CHANEL perfume, MERCEDES motor cars, ARMANI clothing, TISSOT watches, etc – are attractive to consumers with little or no regard to the packaging of such goods. Cigarettes and other tobacco products are unique in the sense that regular consumers of such goods invariably order their product of choice without reference to the packaging. Non-smokers who may wish to try cigarette smoking will more than likely follow the lead of friends or family and, at least initially, order whatever brand of cigarettes the friend or family member smokes without reference to any packaging. A further unusual feature of cigarette smoking is that the very de-normalisation sought to be achieved by plain packaging legislation may well encourage young adults to start (or continue) smoking cigarettes because of the anti-establishment appeal of not conforming.

In considering the effect of plain packaging on consumers it has been noted that "the British Government rejected plain packaging in 2009, arguing that *"no studies have shown that introducing plain packaging of tobacco would cut the number of young people smoking"*. The International Chamber of Commerce has similarly denied that there is research and data available to support plain packaging as a deterrent to smoking."⁴²

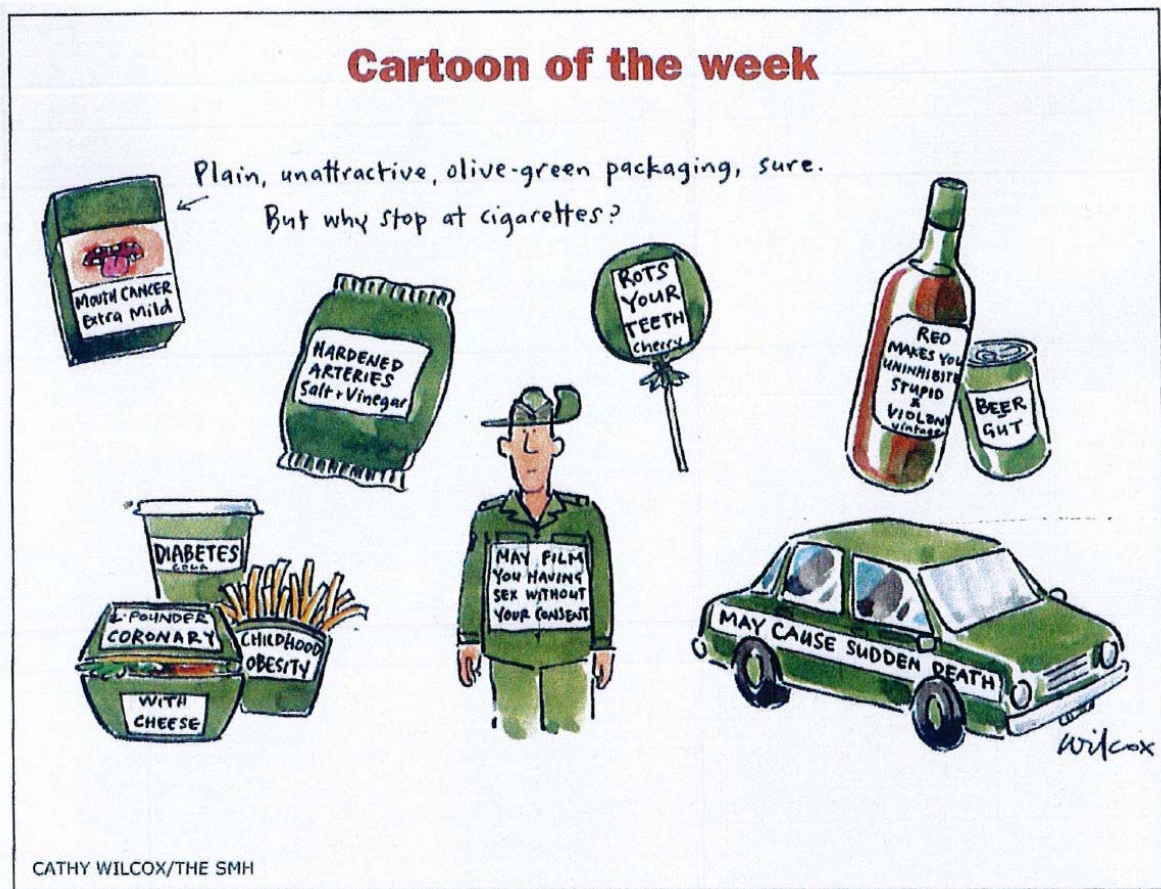
⁴² Sarah Bennett, *Plain Packaging in Australia: Not Necessarily compatible with TRIPS* (2011) 22 AIPJ 66, 70 citing Website response from government representatives to Tobacco youth-e-petition, 25 September 2009, <http://www.webarchive.nationalarchives.gov.uk/+http://www.number10.gov.uk/Page> 20708 (viewed 16 June 2011). "ICC says proposed Australian plain packaging regulation 'bad public policy'" (2011) *Packaging Digest*,

At the very least it is questionable that the primary rationale for plain packaging is justified by the available evidence.

The uncertainty regarding the likely effect of minimising the attractiveness and appeal of tobacco products by way of plain packaging legislation inevitably leads to a re-appraisal of the tobacco control measures discussed above. Those measures resulted in a reduction in smoking levels from 30.5% in 1988 to 15.1% by 2010. Bearing in mind that the earlier measures to reduce smoking were relatively low-key and not fully government-funded, substantial enhancements to those measures would seem to assure the government of an almost certain national adult smoking rate of 10% by 2018.

For these reasons - and for other reasons –such as, the removal of the information providing benefits of trade marks registered for tobacco products - there are valid grounds for contending that the government's tampering with the Trade Marks Act is not only unnecessary but unduly prejudices the trade mark rights and copyrights of the owners of trade marks for tobacco products.

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ANNEXURE A

Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provision(s)	Commencement	Date/Details
1. Sections 1 to 16 and anything in this Act not elsewhere covered by this table	The day this Act receives the Royal Assent.	1 December 2011
2. Sections 17 to 27A	1 October 2012.	1 October 2012
3. Sections 28 and 29	The day this Act receives the Royal Assent.	1 December 2011
4. Sections 30 to 32	1 December 2012.	1 December 2012
5. Sections 33 to 36	1 October 2012.	1 October 2012
6. Sections 37 and 38	1 December 2012.	1 December 2012
7. Section 39	1 October 2012.	1 October 2012
8. Sections 40 and 41	1 December 2012.	1 December 2012
9. Sections 42 to 46	1 October 2012.	1 October 2012
10. Sections 47 and 48	1 December 2012.	1 December 2012
11. Sections 49 to 80	1 October 2012.	1 October 2012
12. Sections 81 and 82	The day this Act receives the Royal Assent.	1 December 2011
13. Sections 83 to 105	1 October 2012.	1 October 2012
14. Sections 106 to 109	The day this Act receives the Royal Assent.	1 December 2011

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

ANNEXURE B

28 Effect on the *Trade Marks Act 1995* of non-use of trade mark as a result of this Act

- (1) For the purposes of the *Trade Marks Act 1995*, and regulations made under that Act, an applicant for the registration of a trade mark in respect of tobacco products is taken to intend to:
 - (a) use the trade mark in Australia in relation to those products; or
 - (b) authorise another person to use the trade mark in Australia in relation to those products; or
 - (c) assign the trade mark to a body corporate that is about to be constituted with a view to the body corporate using the trade mark in Australia in relation to those products;

if the applicant would intend to do so but for the operation of this Act.

- (2) To avoid doubt, for the purposes of paragraph 42(b) of the *Trade Marks Act 1995*, this Act does not have the effect that the use of a trade mark in relation to tobacco products would be contrary to law.
- (3) To avoid doubt, for the purposes of sections 38 and 84A of the *Trade Marks Act 1995*, and regulations 17A.27 and 17A.42A of the *Trade Marks Regulations 1995*:
 - (a) the operation of this Act; or
 - (b) the circumstance that a person is prevented, by or under this Act, from using a trade mark on or in relation to the retail packaging of tobacco products, or on tobacco products;are not circumstances that make it reasonable or appropriate:
 - (c) not to register the trade mark; or
 - (d) to revoke the acceptance of an application for registration of the trade mark; or
 - (e) to register the trade mark subject to conditions or limitations; or
 - (f) to revoke the registration of the trade mark.
- (4) For the purposes of paragraph 100(1)(c) of the *Trade Marks Act 1995*, an opponent is taken to have rebutted an allegation if the opponent establishes that the registered owner would have used the trade mark in Australia on or in relation to the retail packaging of tobacco products, or on tobacco products, but for the operation of this Act.

Trade Marks regulations applying provisions of Trade Marks Act

- (5) Subsections (1) to (4) also apply in relation to regulations made under the *Trade Marks Act 1995* that:
 - (a) apply provisions of the *Trade Marks Act 1995* that are affected by this section, including where the regulations apply those provisions in modified form; and
 - (b) provide in similar terms to provisions of the *Trade Marks Act 1995* that are affected by this section.

ANNEXURE C

231A Regulations may make provision in relation to the *Tobacco Plain Packaging Act 2011*

- (1) The regulations may make provision in relation to the effect of the operation of the *Tobacco Plain Packaging Act 2011*, and any regulations made under that Act, on:
 - (a) a provision of this Act; or
 - (b) a regulation made under this Act, including:
 - (i) a regulation that applies a provision of this Act; or
 - (ii) a regulation that applies a provision of this Act in modified form.

Note: Section 28 of the *Tobacco Plain Packaging Act 2011* also sets out the effect of the operation of that Act on certain provisions of, and regulations made under, this Act.

- (2) Without limiting subsection (1), regulations made for the purposes of that subsection may clarify or state the effect of the operation of the *Tobacco Plain Packaging Act 2011*, and any regulations made under that Act, on a provision of this Act or a regulation made under this Act, including by taking or deeming:
 - (a) something to have (or not to have) happened; or
 - (b) something to be (or not to be) the case; or
 - (c) something to have (or not to have) a particular effect.
- (3) Regulations made for the purposes of subsection (1):
 - (a) may be inconsistent with this Act; and
 - (b) prevail over this Act (including any other regulations or other instruments made under this Act), to the extent of any inconsistency.