

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

Request for Consultations by Ukraine

The following communication, dated 13 March 2012, from the delegation of Ukraine to the delegation of Australia and to the Chairperson of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of 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").

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") and its implementing Tobacco Plain Packaging Regulations 2011 (the "Regulations");
- The Trade Marks Amendment (Tobacco Plain Packaging) Act 2011; and
- 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.<sup>1</sup> 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.<sup>2</sup> The Plain Packaging Act provides that "[n]o trade mark may appear anywhere on a tobacco product" other than as permitted by the

<sup>1</sup> Plain Packaging Act, Section 4.

<sup>2</sup> Plain Packaging Act, Chapter 3.

Regulations.<sup>3</sup> The Plain Packaging Act further provides, *inter alia*, that "[n]o trade mark may appear anywhere on the retail packaging of tobacco products,"<sup>4</sup> other than the brand name, variant, business or company name and other relevant legislative requirements.<sup>5</sup> The appearance of the brand name is regulated by the Plain Packaging Act and the implementing Regulations.<sup>6</sup>

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.<sup>7</sup> Tobacco product packaging will continue to contain graphic health warnings,<sup>8</sup> which are increasing from 30 percent to 75 percent of the front surface of each package and continue to cover 90 percent of the back surface of the package.<sup>9</sup> 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.<sup>10</sup> 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.<sup>11</sup> The lining of cigarette packs must only be foil backed with paper, or a material allowed by the Regulations.<sup>12</sup>

Australia's measures, especially viewed in the context of Australia's comprehensive tobacco regulatory regime,<sup>13</sup> appear to be inconsistent with a number of Australia's obligations under the TRIPS Agreement, the TBT Agreement, and GATT 1994, including but not limited to the following provisions of these agreements:

- Articles 1.1, 2.1, 15, and 16 of the TRIPS Agreement and Articles *6quinquies*, 7, and *10bis* of the Paris Convention as incorporated in the TRIPS Agreement because the measures, which discriminate against tobacco-related trademarks based on the nature of the product, fail to give effect to the trademark holder's legitimate rights with respect to the trademark, fail to accord effective protection of the trademark "as is," and fail to prevent acts of such a nature as

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<sup>3</sup> 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."

<sup>4</sup> Plain Packaging Act, Section 20(1).

<sup>5</sup> Plain Packaging Act, Section 20(3). The relevant legislative requirements mean a health warning, a fire risk statement, a trade description and a measurement mark.

<sup>6</sup> Plain Packaging Act, Section 21; Regulations, clause 2.4.1.

<sup>7</sup> Plain Packaging Act, Section 19; Regulations, clause 2.2.1.

<sup>8</sup> Graphic health warnings are regulated under the Australian Consumer Law, contained in Schedule 2 of the Competition and Consumer Act of 2010.

<sup>9</sup> 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 percent of the front surface of each package are mandatory from 1 December 2012.

<sup>10</sup> Plain Packaging Act, Section 18; Regulations, clause 2.1.1.

<sup>11</sup> Plain Packaging Act, Section 18(3)(b).

<sup>12</sup> Plain Packaging Act, Section 18(3)(d).

<sup>13</sup> 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").

to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

- Article 20 of the TRIPS Agreement because the measures constitute an unjustifiable encumbrance on the use of trademarks;
- Article 1 of the TRIPS Agreement because Australia has failed to give effect to Article 20 of the TRIPS Agreement in Australia's domestic laws and regulations;
- Article 27 of the TRIPS Agreement because by regulating the physical features of the patented packs, the measures prevent the normal exploitation and thus the enjoyment of the patent rights for tobacco products in a manner that discriminates based on the field of technology;
- Article 2.2 of the TBT Agreement because the measures constitute an unnecessary obstacle to trade and are more trade restrictive than necessary to achieve the stated health objectives; and
- Article 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 national treatment requirement set out in these provisions by not providing equal competitive opportunities to imported tobacco products and foreign trademark right holders as compared to like domestic tobacco products and trademark right holders.

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

The Government of Ukraine reserves the right to raise additional claims regarding the measures at issue as a result of the consultations.

The Government of Ukraine looks forward to constructive consultations with Australia in response to this request and welcomes any suggestions that Australia might wish to make concerning the date and location for these consultations.

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