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# Plain Packaging and the Interpretation of the TRIPS Agreement

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## ABSTRACT

*Plain packaging of cigarettes as a way of reducing tobacco consumption and its related health costs and effects raises a number of international trade law issues. The plain packaging measures adopted in Australia impose strict format requirements on word trademarks (such as Marlboro or Camel) and ban the use of figurative marks (colors, logos, etc.). As a result, questions have been raised as to plain packaging's compatibility with the World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).*

*WTO members can validly take measures to protect and promote public health, but in doing so they must comply with the WTO agreements. In order to determine compliance, a proper method to interpret applicable WTO rules is indispensable for the stability and predictability of the world*

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trading system. In this Article, the authors consider the proper interpretation of the TRIPS Agreement as it applies to plain packaging regulations using the Vienna Convention on the Law of Treaties (VCLT). The VCLT has been adopted several times in WTO disputes as a set of interpretive rules. The authors argue that the interpretation of the TRIPS Agreement in the cases filed in 2012 against Australia by a number of developing countries after Australia's adoption of the plain packaging legislation is likely to impact future cases involving the TRIPS Agreement and specifically the method and approach to be used to interpret it. As such, the cases will likely impact other public health issues (beyond tobacco use) and the interpretation of the TRIPS Agreement in several other contexts.

The two major issues discussed in this Article are (a) Article 20 of the TRIPS Agreement, which prohibits certain unjustified encumbrances on the use of trademarks, and (b) the debate about the nature of trademark owners' rights in the TRIPS Agreement. The latter issue has been referred to as the "right to use" debate—namely, whether trademark owners have a right to use trademarks protected under the TRIPS Agreement. The authors contend that the issue is better seen as a debate over the nature and scope of trademark owners' rights and interests that the TRIPS Agreement seeks to protect. Specifically, the Article argues that the fact that the principal rights of trademark owners under the TRIPS Agreement are rights to exclude others from using their mark (or "negative rights") is not determinative of the issue but rather should inform the interpretation of Article 20 in light of the TRIPS Agreement's object and purpose.

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## I. INTRODUCTION

This Article is about the rules of interpretation of the World Trade Organization’s (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement)<sup>1</sup> and their application to the plain packaging of cigarettes, a matter which is subject to formal dispute-settlement proceedings at the WTO as of this writing.<sup>2</sup>

The rules of international treaty interpretation are important. They provide a degree of consistency so that those who are part of that rules-based system can use interpretation to predict outcomes not only of potential and existing disputes but also as a guide to the boundaries that international agreements place on the formulation

1. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement].

2. See Request for the Establishment of a Panel by Ukraine, *Australia—Certain Measures Concerning Trademarks and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WT/DS434/11 (Aug. 17, 2012) (panel established but not yet composed Sept. 28, 2012); Request for the Establishment of a Panel by Honduras, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WT/DS435/16 (Oct. 17, 2012) (in consultations Apr. 4, 2012); Request for the Establishment of a Panel by the Dominican Republic, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WT/DS441/15 (Nov. 14, 2012) (in consultations July 18, 2012). In May 2013 Cuba requested consultations with Australia. Request for Consultations from Cuba, *Australia—Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WT/DS458/1 (May 7, 2013).

and interpretation of WTO members' laws. The principles of interpretation are thus important for the integrity of the international intellectual property regime. It is crucial to keep these principles intact. Conversely, to defy proper interpretation of international intellectual property agreements in the area of plain packaging to achieve (valid) public policy objectives may have negative consequences in several arenas unrelated to tobacco.

This Article is not suggesting that countries are prevented from regulating public health in general or tobacco more specifically. Indeed, it asserts that they must be free to do so. However, they must also comply with international agreements that they willingly ratified or adhered to. Membership in international agreements almost always curtails some aspects of national autonomy. Some might say that is exactly why they are created. For example, few would argue that a WTO member could validly ban all imports of cigarettes but allow sales of domestic ones without violating WTO obligations.<sup>3</sup> This Article seeks to show how a robust approach to legal interpretation can support legitimate public health aims and why, by the same token, keeping interpretation rules intact is the best method for promoting future public health, and more broadly public interest goals that "collide" with the TRIPS Agreement norms, to succeed in the future.

To achieve the above-stated objectives, this Article, therefore, seeks to illuminate how the TRIPS Agreement should be interpreted in light of the Dispute Settlement Understanding (DSU),<sup>4</sup> which governs disputes over alleged infringements of WTO agreements, including the TRIPS Agreement. The core of the DSU's interpretation rules is the adoption of Articles 31 and 32 of the Vienna Convention

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3. This fact pattern would almost certainly violate the national treatment obligation under GATT. See MITSUO MATSUSHITA, THOMAS J. SCHOENBAUM & PETROS C. MAVROIDIS, *THE WORLD TRADE ORGANIZATION: LAW, PRACTICE, AND POLICY* 233–36 (2d ed. 2006) (describing how GATT requires "like treatment and non-discrimination between domestic and imported goods"). However, there is little doubt that a WTO member can ban a product completely for public health reasons as was done by the European Union for asbestos. See Panel Report, *European Communities—Measures Affecting Asbestos and Asbestos-Containing Products*, WT/DS135/R (Sept. 18, 2000) [hereinafter Asbestos Panel Report]. The panel report was followed by a report by the Appellate Body, in which it upheld "the Panel's finding[ ] . . . that the measure at issue is 'necessary to protect human . . . life or health,' within the meaning of Article XX(b) of the GATT 1994 . . ." Appellate Body Report, *European Communities—Measures Affecting Asbestos and Asbestos-Containing Products*, ¶ 192(f), WT/DS135/AB/R (Mar. 12, 2001).

4. Understanding on Rules and Procedures Governing the Settlement of Disputes, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, Legal Instruments—Results of the Uruguay Round, 1869 U.N.T.S. 401, 33 I.L.M. 1225 (1994) [hereinafter DSU].

on the Law of Treaties (VCLT).<sup>5</sup> The VCLT rules of interpretation and their use by tribunals have been much discussed.<sup>6</sup> Articles 31 and 32 are recognized as the customary international law of interpretation of treaties.<sup>7</sup>

Many parties to the TRIPS Agreement are also parties to bilateral investment treaties (BITs). This article is about the interpretation of the TRIPS Agreement, not BITs.<sup>8</sup> From an interpretation perspective, classifying a trademark as an investment asset suggests that it means something different from, or perhaps additional to, a trademark as an intellectual property right.<sup>9</sup> Although the investment aspect is not part of the TRIPS Agreement, it may be part of the international arrangements between the parties

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5. Vienna Convention on the Law of Treaties arts. 31–32, May 23, 1969, 1115 U.N.T.S. 331 (entered into force Jan. 27, 1980) [hereinafter VCLT]. For a discussion, see generally MARK E. VILLIGER, COMMENTARY ON THE 1969 VIENNA CONVENTION ON THE LAW OF TREATIES 415–49 (2009) (discussing the interpretation of treaties under the VCLT); IAN SINCLAIR, THE VIENNA CONVENTION ON THE LAW OF TREATIES 114–53 (2d ed. 1984) (discussing treaty interpretation under Articles 31 and 32); MALGOSIA FITZMAURICE & OLUFEMI ELIAS, CONTEMPORARY ISSUES IN THE LAW OF TREATIES 218–22 (2005) (examining the principles of treaty interpretation); MALCOLM N. SHAW, INTERNATIONAL LAW 810–60 (5th ed. 2003) (discussing treaty law); and RICHARD GARDINER, TREATY INTERPRETATION 141–202 (2008).

6. See generally VILLIGER, *supra* note 5, at 415–49; SINCLAIR, *supra* note 5, at 114–53; FITZMAURICE & ELIAS, *supra* note 5, at 218–22; SHAW, *supra* note 5, at 810–60; GARDINER, *supra* note 5, at 141–202.

7. Article 3.2 of the DSU refers to the customary rules of interpretation. DSU, *supra* note 4, at art. 3.2.

8. The TRIPS Agreement does not characterize intellectual property as an investment asset. Indeed, the WTO does not include a comprehensive agreement on investment. Many BITs provide that intellectual property, in one form or another, including trademarks, is an investment asset. Some also refer to the TRIPS Agreement. The BIT between Uruguay and Switzerland is the basis of the Philip Morris action against the Uruguayan government. See Philip Morris Brand Sàrl (Switz.), Philip Morris Products S.A. (Switz.) and Abal Hermanos S.A. (Uru.) v. Oriental Republic of Uruguay, ICSID Case No. ARB/10/7. The case is pending. *List of Pending Cases*, INT'L CTR. FOR SETTLEMENT OF INVESTMENT DISPUTES, [icsid.worldbank.org/ICSID/FrontServlet?requestType=GenCaseDtIsRH&actionVal=Lis tPending](http://icsid.worldbank.org/ICSID/FrontServlet?requestType=GenCaseDtIsRH&actionVal=Lis tPending) (last visited Oct. 21, 2013). Similarly, the BIT between Hong Kong and Australia is the basis of Philip Morris's dispute against the government of Australia. See Agreement Between the Government of Australia and the Government of Hong Kong for the Promotion and Protection of Investments, Austl.-H.K., Sept. 15, 1993, 1748 U.N.T.S. 343. For a discussion of the investment function of trademarks under EU law, see Case C-323/09, *Interflora Inc. v. Marks & Spencer PLC*, 2011 E.C.R. I-08625.

9. It has become a matter of reality that intellectual property rights are categorized as investment assets. Some argue that this merely serves to extend intellectual property rights beyond their rational limits. See, e.g., Peter Drahos, *BITS and BIPS: Bilateralism in Intellectual Property*, 4 J. WORLD INTELL. PROP. 791, 795 (2001) (discussing how classifying intellectual property as an investment asset stretches beyond the TRIPS Agreement's requirements).

to a WTO dispute.<sup>10</sup> However, even if both parties to a WTO dispute also have a BIT between them that includes intellectual property as an investment asset, the BIT still does not directly impact the interpretation of the TRIPS Agreement at the WTO.<sup>11</sup> Further, the resolution of any dispute under the BIT will take place in a forum that is separate from the WTO.<sup>12</sup> The terms of the BIT may require TRIPS Agreement consistency with, for example, compulsory licensing measures.<sup>13</sup> However, a BIT tribunal could potentially interpret the TRIPS Agreement in a different way than a WTO panel or the Appellate Body. It is a separate question, and beyond the scope of this Article, as to whether the WTO would take any notice of a BIT arbitral decision and what effect that might have. It may, however, be an issue should the BIT disputes relating to plain packaging be determined before the TRIPS Agreement disputes.<sup>14</sup>

This Article proceeds as follows. Part II discusses the necessary context—namely, the relevant TRIPS Agreement articles (Part II.A); smoking as a public health issue (Part II.B); the Australian legislation under scrutiny at the WTO (Part II.C); and the

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10. The interpretation within WTO disputes of treaties outside the WTO context raises complications because the WTO does not have the jurisdiction to interpret treaties of other organizations and because the parties are not the same. See Susy Frankel, *WTO Application of "the Customary Rules of Interpretation of Public International Law" to Intellectual Property*, 46 VA. J. INT'L L. 365, 410–15 (2006) (discussing the complications that arise when the WTO attempts to interpret treaties between subsets of TRIPS Agreement signatories). Also, the outcome of a dispute at the WTO is only binding between the parties to the dispute. Nonetheless, WTO reports are increasingly treated as having precedential value. See Appellate Body Report, *United States—Final Anti-Dumping Measures on Stainless Steel from Mexico*, WT/DS344/AB/R, ¶ 160 (Apr. 30, 2008) (stating that panels should give “cogent reasons” for departing from Appellate Body decisions); see also Felix David, *The Role of Precedent in the WTO—New Horizons?* 3 (Maastricht Faculty of Law, Working Paper No. 2009-12, 2009), available at <http://ssrn.com/abstract=1666169> (“US – Stainless Steel represents a further step . . . in a line of cases in which the Appellate Body has gradually sought to expand the binding force of its decisions.”). However, panels and the Appellate Body may use non-WTO sources as interpretive aids. See *infra* discussion in Part V.

11. It is possible that a party could include reference to the BIT in its submissions before a WTO panel, but the WTO would only have jurisdiction over the WTO agreements, not over the BIT. See DSU, *supra* note 4, at art. 1.1; see also *supra* note 10.

12. Many BITs provide for arbitration before a tribunal and under the rules of the International Centre for Settlement of Investment Disputes.

13. Henning Grosse Ruse-Khan, *Protecting Intellectual Property under BITs, FTAs, and TRIPS: Conflicting Regimes or Mutual Coherence?* 17–18 (Feb. 7, 2011) (Max Planck Inst. for Intell. Prop. & Competition L., Research Paper No. 11-02, 2011), available at <http://ssrn.com/abstract=1757724> (providing an example of the use of TRIPS Agreement provisions on compulsory licenses in the interpretation of a BIT). EVOLUTION IN INVESTMENT TREATY LAW AND ARBITRATION 485–515 (Chester Brown & Kate Miles eds., 2011).

14. At the time of writing, this seems unlikely.



Framework Convention on Tobacco Control (FCTC)<sup>15</sup> and evidence about plain packaging (Part II.D). Part III discusses applicable interpretation rules of the VCLT. Part IV considers the rights that trademark owners may claim under the TRIPS Agreement and may allege are breached in opposition to governments trying to impose a ban or severe restrictions on the use of trademarks. It begins by discussing Article 20, which is central to the plain packaging issues as it clearly articulates a legitimate interest of trademark owners. Its centrality arises because the effect of preventing trademark owners from using their trademarks is, in the words of Article 20, an encumbrance that is “detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.”<sup>16</sup> This Article then discusses the context of Article 20 (as VCLT interpretation requires), particularly the trademark minimum standards under the TRIPS Agreement, including Articles 15, 16, 17, and 19. There are arguments about these provisions being breached independently of Article 20.<sup>17</sup> Some of the discussion about the TRIPS Agreement trademark standards will also be relevant to potential arguments about their breach; however, for reasons expanded below, the core focus is on Article 20. A key aspect of the discussion of the substantive provisions of the TRIPS Agreement is the scope of trademark owners’ rights and legitimate interests. Part of this discussion is what, if any, legitimate interests trademark owners have to use their trademarks and what the significance of “negative rights” is in that discussion. Part V turns to the role of Article 8, which is part of the General Provisions<sup>18</sup> of the TRIPS Agreement, and its applicability to the interpretation of Article 20.

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15. World Health Organization Framework Convention on Tobacco Control, May 21, 2003, 2302 U.N.T.S 166 (entered into force Feb. 27, 2005) [hereinafter FCTC].

16. TRIPS Agreement, *supra* note 1, at art. 20 (referring to “use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings” as being one of three examples of the applicability of art. 20). As this Article discusses, *infra* Part IV.A, proper interpretation of Article 20 could include the prevention of non-use of trademarks as an unjustified encumbrance “in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.”

17. TRIPS Agreement, *supra* note 1, at arts. 15–17, 19, 20. In particular, some may argue that by interpretation Article 16 includes a qualified or limited “right to use.” Although some of this Article’s discussion about Articles 15, 16, 17, and 19 may be relevant to those arguments, possible violations of other articles of the TRIPS Agreement is not this Article’s focus. If the focus of interpretation is on Article 16, then the other articles (including Article 20) would be relevant context for Article 16. This Article’s focus on Article 20 leaves aside the possibility that a ban of the use of certain well-known marks likely to lead to a loss of well-known mark status may amount to a separate violation of Article 16.2, 16.3, or both. However, this Article discusses that the added value that these articles recognize, through use of the trademarks, gives rise to what one might call a positive right. *See infra* Part IV.

18. These general provisions are applicable to the whole of the TRIPS Agreement.

Article 8 both provides context for Article 20 and is relevant to the VCLT-based interpretation of the TRIPS Agreement's object and purpose because it quite simply is a statement about the object and purpose of it.

This Article also looks beyond the TRIPS Agreement for its interpretation to two types of sources. The first type of source arises because the TRIPS Agreement is part of the WTO agreements and, therefore, other agreements in the WTO collection are relevant (particularly those that contain provisions that use similar wording to aspects of the TRIPS Agreement, such as "necessary to protect public health"). These provisions and the Dispute Settlement Body's (DSB) interpretation of those provisions are relevant to the interpretation of Articles 8 and 20. These other agreements and relevant articles are the Technical Barriers to Trade Agreement (TBT),<sup>19</sup> particularly Article 2.2, and the General Agreement on Tariffs and Trade (GATT)<sup>20</sup> Article XX. The second type of source comes from outside the WTO and may include international agreements such as the FCTC, which can be used to interpret the meaning of terms not defined by the WTO, such as *public health*. Part VI considers an issue that may determine, at least in part, the outcome of international litigation about plain packaging—namely, the burden of proof. Finally, this Article offers a few concluding thoughts.

## II PLAIN PACKAGING AND THE TRIPS AGREEMENT IN CONTEXT

### A. TRIPS Agreement Issues

When it comes to plain packaging, from an international intellectual property angle, the issue is whether plain packaging laws and regulations (and these vary) violate the TRIPS Agreement and more specifically its trademark provisions. The focus of this Article is on the type of plain packaging law that bans the use of figurative and logo trademarks and restricts the size and appearance of word marks.<sup>21</sup> The key issues relevant to the plain packaging of cigarettes, which require interpretation of the TRIPS Agreement, can be summarized as follows:

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19. Agreement on Technical Barriers to Trade, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, Apr. 15, 1994, 1868 U.N.T.S. 120 [hereinafter TBT].

20. General Agreement on Tariffs and Trade, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, Apr. 15, 1994, 1867 U.N.T.S. 187 [hereinafter GATT].

21. At the time of writing, the main example of this is the *Tobacco Plain Packaging Act 2011* (Cth) (Austl.).

- Whether plain packaging amounts to an unjustified encumbrance under Article 20 of the TRIPS Agreement;<sup>22</sup>
- The relevance of the other parts of the TRIPS Agreement (such as Articles 15, 16, 17, and 19) to the interpretation of Article 20. In other words, what the context of Article 20 means for that article;
- The object and purpose of the TRIPS Agreement and the trademark provisions therein;
- Whether plain packaging measures can be justified because they are for public health; and
- How Article 8 of the TRIPS Agreement informs the interpretation of Article 20.

Before this Article turns to discuss these issues, it explains some of the problem with cigarettes.

### B. Cigarettes are a Public Health Issue

There is a significant body of evidence that smoking is very bad for human health and life.<sup>23</sup> Cigarettes contain toxins that are known to cause cancer.<sup>24</sup> People continue to smoke even though they know that smoking can kill them and may be bad for the health of those around them.<sup>25</sup> One, if not the main, reason for this is that nicotine is

22. Article 20 provides:

The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings. This will not preclude a requirement prescribing the use of the trademark identifying the undertaking producing the goods or services along with, but without linking it to, the trademark distinguishing the specific goods or services in question of that undertaking.

TRIPS Agreement, *supra* note 1, at art. 20.

23. See generally U.S. DEP'T OF HEALTH & HUMAN SERVS., THE HEALTH CONSEQUENCES OF SMOKING: A REPORT OF THE SURGEON GENERAL (2004), available at <http://www.surgeongeneral.gov/library/reports/smokingconsequences/index.html> (describing the many health risks associated with smoking tobacco products).

24. Regina Benjamin, *Preface to U.S. DEP'T OF HEALTH & HUMAN SERVS., HOW TOBACCO SMOKE CAUSES DISEASE: THE BEHAVIORAL BASIS FOR SMOKING ATTRIBUTABLE DISEASE, A REPORT OF THE SURGEON GENERAL*, at iii (2010), available at [http://www.surgeongeneral.gov/library/reports/tobaccosmoke/full\\_report.pdf](http://www.surgeongeneral.gov/library/reports/tobaccosmoke/full_report.pdf) (enumerating the harmful chemicals inhaled by smokers); *Tobacco Free Initiative: Cancer*, WORLD HEALTH ORG., <http://www.who.int/tobacco/research/cancer/en/index.html> (last visited Oct. 21, 2013) (discussing the link between tobacco and lung cancer); Richard Doll & A. Bradford Hill, *Smoking and Carcinoma of the Lung*, BRIT. MED. J. 739, 747 (Sept. 30, 1950) (concluding that a link exists between smoking cigarettes and lung cancer).

25. See generally W. Kip Viscusi, *The New Cigarette Paternalism*, 25 REGULATION 58 (2002–2003) (claiming that people continue to smoke despite overestimating the risks of smoking and that taxes are a suboptimal way to address the

addictive.<sup>26</sup> The World Health Organization (WHO) has described this as an “epidemic of epic proportions.”<sup>27</sup> Cigarettes are probably the only consumer product sold where over half its users will die as a result of its use.<sup>28</sup>

Countries use a variety of regulatory tools to reduce the levels of tobacco consumption.<sup>29</sup> Some of these countries’ measures have, in recent times, become rather well known.<sup>30</sup> Uruguay put in place a series of measures aimed at reducing its overall smoking rate, including a provision that required health warnings to cover 80 percent of the packaging.<sup>31</sup> These measures are part of an overall package of antismoking measures and have been challenged by the

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problem and suggesting instead age restrictions on smoking and the establishment of nonsmoking areas and smoking lounges). Professor Viscusi also suggests that “[e]ven in the absence of any additional policy interventions, smoking rates will continue to decline just as they have over the past half-century. As individual wealth rises, the value associated with health risks increases as well.” *Id.* at 64.

26. See NAT’L INST. ON DRUG ABUSE, TOPICS IN BRIEF: TOBACCO AND NICOTINE RESEARCH (2008), available at <http://www.drugabuse.gov/publications/topics-in-brief/tobacco-nicotine-research> (“Like cocaine, heroin, and marijuana, nicotine increases levels of the neurotransmitter dopamine in the reward system, producing lasting changes in the cells of the brain. These changes can eventually lead to addiction.”).

27. See WORLD HEALTH ORG. FRAMEWORK CONVENTION ON TOBACCO CONTROL, HISTORY OF THE WHO CONVENTION ON TOBACCO CONTROL 1 (2009), available at [http://whqlibdoc.who.int/publications/2009/9789241563925\\_eng.pdf](http://whqlibdoc.who.int/publications/2009/9789241563925_eng.pdf) (“By the 1990s, the tobacco epidemic was a public health problem of epic proportions.”); see generally WORLD HEALTH ORG., CONFRONTING THE TOBACCO EPIDEMIC IN A NEW ERA OF TRADE AND INVESTMENT LIBERALIZATION 37 (2012), available at [http://whqlibdoc.who.int/publications/2012/9789241503723\\_eng.pdf](http://whqlibdoc.who.int/publications/2012/9789241503723_eng.pdf) (commissioned by the WHO Tobacco Free Initiative).

28. This Article says “probably” only because evidence about the harmful effects of a number of widely used chemicals and modified food products is beginning to emerge. See *Known and Probable Human Carcinogens*, AM. CANCER SOC’Y, <http://www.cancer.org/cancer/cancercauses/othercarcinogens/generalinformationaboutcarcinogens/known-and-probable-human-carcinogens> (last revised May 10, 2013) (describing various potential carcinogens, including foods and other environmental concerns). While it seems unlikely that any one of those products would be as harmful as cigarettes, they are also often less regulated and used with much less information provided to consumers.

29. See Omar Shafey & G. Emmanuel Guindon, *Monitoring the Tobacco Epidemic: Past, Present, and Future*, WORLD HEALTH ORG., [www.who.int/tobacco/global\\_data/country\\_profiles/Methods.pdf](http://www.who.int/tobacco/global_data/country_profiles/Methods.pdf) (last visited Oct. 21, 2013) (describing the various regulatory measures used by different countries).

30. *Id.*; see generally Viscusi, *supra* note 25 (discussing the various regulatory measures used in the United States).

31. Presidential Decree N° 287/009, June 15, 2009 (entered into force on Dec. 12, 2009) (Uru.); Ordinance N° 514, Aug. 18, 2008, Ministry of Public Health (entered into force on Feb. 14, 2010) (Uru.); Ordinance N° 466, Sept. 1, 2009, Ministry of Public Health (entered into force Feb. 28, 2010) (Uru.); see also *Uruguay Bilateral Investment Treaty Litigation*, PHILIP MORRIS INT’L, [www.pmi.com/eng/media\\_center/company\\_statements/pages/uruguay\\_bit\\_claim.aspx](http://www.pmi.com/eng/media_center/company_statements/pages/uruguay_bit_claim.aspx) (last visited Oct. 21, 2013) (describing the dispute between Philip Morris and the government of Uruguay over these regulations).

Philip Morris Company under a BIT between Uruguay and Switzerland.<sup>32</sup> In that dispute, Philip Morris argued that the Uruguayan measures affect the use of Philip Morris's trademarks to the extent that they are allegedly expropriated under the BIT.<sup>33</sup> The Uruguayan measures do not, from a trademark perspective, go as far as the Australian plain packaging measures, which involve the elimination of figurative or logo marks from the packaging of the cigarettes.<sup>34</sup>

### C. Australia's Plain Packaging Law

Under Australia's Tobacco Plain Packaging Act 2011, cigarette packages must not only include health warnings but also must essentially remove all trademarks—and consequently any indicators of differences between brands—other than the brand name in plain letters in a relatively small font size.<sup>35</sup> The parts of the packaging that are not dedicated to health warnings must be a brown-green color—a color chosen on the basis that it would be the least attractive color to consumers.<sup>36</sup> These measures make the cigarette packages almost indistinguishable from one another, so that the so-called attractive and brand distinguishing trademark features will not entice people to smoke.<sup>37</sup> As one might expect, there has been

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32. See Philip Morris Brand Sàrl (Switz.), Philip Morris Products S.A. (Switz.) and Abal Hermanos S.A. (Uru.) v. Oriental Republic of Uruguay, ICSID Case No. ARB/10/7, Decision on Jurisdiction, (July 2, 2013). The case is pending. See *List of Pending Cases*, INT'L CTR. FOR SETTLEMENT OF INV. DISPUTES, [icsid.worldbank.org/ICSID/FrontServlet?requestType=GenCaseDtlsRH&actionVal=ListPending](http://icsid.worldbank.org/ICSID/FrontServlet?requestType=GenCaseDtlsRH&actionVal=ListPending) (last updated Oct. 21, 2013).

33. *Uruguay Bilateral Investment Treaty Litigation*, *supra* note 31.

34. See *Tobacco Plain Packaging Act 2011* (Cth) ss 18–26 (Austl.) (strictly limiting what marks may appear on packaging and products).

35. *Id.* at ss 20–22.

36. See GOVERNMENT OF AUSTRALIA, TOBACCO PLAIN PACKAGING BILL 2011: EXPOSURE DRAFT 12 (2011), available at [http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/CA2578620005CE1DCA2578A200801397/\\$File/Plain%20Packaging%20of%20Tobacco%20Products%20Consultation%20Paper%20-%2006042011%20FINAL.pdf](http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/CA2578620005CE1DCA2578A200801397/$File/Plain%20Packaging%20of%20Tobacco%20Products%20Consultation%20Paper%20-%2006042011%20FINAL.pdf).

37. *The Tobacco Plain Packaging Act 2011* (Cth) s 3 (Austl.) provides:  
Objects of this Act

(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

considerable opposition from tobacco companies to Australia's law, and, at the time of writing, various aspects of that position continue before tribunals.<sup>38</sup>

The stated core intention of Australia's Parliament in passing the law "regulating the retail packaging and appearance of tobacco products" is 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.<sup>39</sup>

While many describe these as public health aims, not all agree on the exact impact and purpose of the legislation.<sup>40</sup> One of the effects of this law will be that stylized trademarks, which tobacco companies apply to their cigarettes to distinguish their brands from other companies and to make them identifiable to potential consumers, will

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

38. Complaints have been brought to the WTO by Ukraine, Honduras, and the Dominican Republic. See Request for the Establishment of a Panel by Ukraine, *supra* note 2; Request for the Establishment of a Panel by Honduras, *supra* note 2; Request for the Establishment of a Panel by the Dominican Republic, *supra* note 2. A case was brought to the High Court of Australia challenging the law as an acquisition of property on unjust terms under the Australian Constitution. The claim was not successful. See *JT Int'l SA v Commonwealth* [2012] HCA 43 ¶ 3 (Austl.); see also discussion *infra* Part IV.C.2.

39. *Tobacco Plain Packaging Act 2011* (Cth) s 3(2) (Austl.).

40. In *JT International SA v Commonwealth of Australia*, Justice Heydon of the High Court of Australia disputed that aim. He stated:

In view of the enormous amounts of money which would probably be needed to provide just terms, the possibility of evasion in relation to the impugned legislation cannot be ruled out. The structure of that legislation is very strongly motivated by an altruistic desire to improve public health—or rather the health of Australian residents, as distinct from foreigners, for the legislation sees it as satisfactory to let exporters purvey lies and death to them. But improving (local) public health is not the fundamental concern of the impugned legislation. Its fundamental concern is to avoid paying money to those who will be damaged if that desire to improve (local) public health is gratified in the manner which the legislation envisages. Section 15(1) of the TPP Act provides:

"This Act does not apply to the extent (if any) that its operation would result in an acquisition of property from a person otherwise than on just terms."

There is no provision for just terms in the TPP Act. Thus, faced with a choice between protecting local public health at the price of compensating the proprietors and not protecting local public health at all, the legislature chose the latter course.

*JT Int'l SA*, [2012] HCA 43 ¶ 193.

not be able to be used.<sup>41</sup> Similarly, word marks will only be allowed if used according to strict presentational rules.<sup>42</sup> On this issue, both proponents of plain packaging and tobacco companies agree that packaging is essential for the establishment and maintenance of brands.<sup>43</sup> Indeed, this must be correct because the ability to distinguish one trader's goods from another is the fundamental purpose of trademarks.<sup>44</sup> This function of trademarks to distinguish brands is arguably even more central to the trademark's function when all products are similar, which seems to be the case with cigarettes because many smokers are unable to distinguish between similar cigarettes in testing.<sup>45</sup> Also, if cigarette advertising is banned (as is largely the case in Australia), the only place left where brand distinction can be made is probably the cigarette packet.<sup>46</sup>

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41. See *supra* text accompanying notes 35–36.

42. *Tobacco Plain Packaging Act 2011* (Cth) ss 20–21 (Austl.); *Tobacco Plain Packaging Regulations 2011* (Cth) div 2.3 (Austl.). This is true whether or not a particular stylized mark was considered misleading, unduly attractive, etc. because all marks of this category are banned. The approach taken in the Australian statute is not case-by-case but rather categorical, unlike say in Articles 6 or 7 of the Paris Convention (concerning denials of registration of trademarks), or in TRIPS Agreement, *supra* note 1, at art. 31(a) (concerning the compulsory licensing of patents).

43. See, e.g., QUIT VICTORIA & CANCER COUNCIL VICTORIA, PLAIN PACKAGING OF TOBACCO PRODUCTS: A REVIEW OF THE EVIDENCE 3 (2011), available at <http://www.heartfoundation.org.au/SiteCollectionDocuments/Evidence-Paper-Plain-Packaging.pdf> (“The tobacco industry uses cigarette pack technologies and innovations in design to communicate particular attributes about each brand . . . .”); M. Wakefield et al., *The Cigarette Pack as Image: New Evidence From Tobacco Industry Documents*, 11 (Suppl. I) TOBACCO CONTROL i73, i73 (2002), available at [http://tobaccocontrol.bmj.com/cgi/content/abstract/11/suppl\\_1/i73](http://tobaccocontrol.bmj.com/cgi/content/abstract/11/suppl_1/i73) (“[P]ackaging must play a more important role in establishing and driving brand image.”). This study refers to a Phillip Morris legacy study. JERRY ISSACS, IDENTIFIED HTI TEST OF MARLBORO ULTRA LIGHTS IN A BLUE PACK VERSUS MARLBORO ULTRA LIGHTS IN A RED PACK (PROJECT NO. 1256/1257) (1981) (finding that smokers had a strong brand preference for a particular color packaging); see also M. Wakefield & T. Letcher, *My Pack is Cuter Than Your Pack*, 11 TOBACCO CONTROL 154, 154–56 (2002) (discussing tobacco companies’ use of visual trademarks on packaging to create a strong brand identity); J. Scheffels, *A Difference That Makes a Difference: Young Adult Smokers’ Accounts of Cigarette Brands and Package Design*, 17 TOBACCO CONTROL 118, 118 (2008) (“A number of recent studies of tobacco industry documents have exposed how the industry for a long time has recognised and utilised branding and packaging design in complementing and extending the imagery created by advertising.”).

44. There is a debate about whether forcing all packs to look alike, as the Australian law seems to require, will reduce the ability to identify certain brands as premium and thus reduce the price of cigarettes. Whether this will happen and what its effect on youth smoking may be is not a matter on which this Article opines.

45. See Wakefield et al., *supra* note 43, at i75 (providing the results of a study that analyzed the relationship between smokers’ brand preferences and tobacco packaging).

46. This is referred to in Andrew D. Mitchell’s, *Australia’s Move to the Plain Packaging of Cigarettes and Its WTO Compatibility*, 5 ASIAN J. WTO & INT’L HEALTH L. & POL’Y 405, 407 (2010) (explaining that plain packaging requirements will eliminate the last avenue for cigarette marketing in Australia). See also N. Mawditt, *Putting*

Australia's move to plain packaging is neither unexpected nor without history. The legislation states that it is to give effect to the WHO's FCTC.<sup>47</sup>

*D. Framework Convention on Tobacco Control (FCTC)  
and Evidence about Plain Packaging*

The FCTC<sup>48</sup> was developed in response to concerns about the continuing consumption of cigarettes even though the health risks were widely known.<sup>49</sup> The FCTC and the guidelines to various articles adopted under it have been used to justify plain packaging measures.<sup>50</sup> While the FCTC itself does not mention plain packaging, Guidelines to the FCTC (the Guidelines) state that

Parties *should consider* adopting measures to restrict or prohibit the use of logos, colours, brand images or promotional information on packaging other than brand names and product names displayed in a standard colour and font style (plain packaging). This may increase the noticeability and effectiveness of health warnings and messages, prevent the package from detracting attention from these, and address industry package design techniques that may suggest that some products are less harmful than others.<sup>51</sup>

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*Pack Opportunities Back into the Frame*, 36 WORLD TOBACCO 212 (2006); Harry Clarke & David Prentice, *Will Plain Packaging Reduce Cigarette Consumption?* 5 (La Trobe University Sch. Of Econ., Working Paper No. 2012.03, 2012) (“The only major way firms can now draw attention to the specific products they sell is by branding their products . . .”); Janet Hoek et al., *Tobacco Branding, Plain Packaging, Pictorial Warnings, and Symbolic Consumption*, 22 QUAL. HEALTH RES. 630, 635 (2011) (“Stripping away brand imagery . . . would disrupt and devalue the rich symbolic properties users extrapolate from brands, thus diminishing the experience of smoking.”).

47. *Tobacco Plain Packaging Act 2011* (Cth) ss 3(1)(b), 12 (Austl.).

48. World Health Organization Framework Convention on Tobacco Control, *supra* note 15; HISTORY OF THE WHO CONVENTION ON TOBACCO CONTROL, *supra* note 27.

49. According to the WHO, “The idea for an international instrument for tobacco control was formally initiated in May 1995.” *The History of the WHO Framework Convention on Tobacco Control*, WORLD HEALTH ORG. FRAMEWORK CONVENTION ON TOBACCO CONTROL, <http://www.who.int/fctc/about/history/en/> (last visited Oct. 21, 2013). By that time, studies in major medical journals had exposed the risks. See, e.g., Richard Doll et al., *Mortality in Relation to Smoking: 40 Years' Observations on Male British Doctors*, 309 BRIT. MED. J. 901, 909 (1994) (finding a link between smoking and an increased mortality rate).

50. The FCTC was invoked in justifying plain packaging legislation. See *Australia Approves Plain Packaging!*, FRAMEWORK CONVENTION ALLIANCE (Nov. 21, 2011), [http://www.fctc.org/index.php?option=com\\_content&view=article&id=622:australia-passes-plain-packaging&catid=239:packaging-and-labelling&Itemid=243](http://www.fctc.org/index.php?option=com_content&view=article&id=622:australia-passes-plain-packaging&catid=239:packaging-and-labelling&Itemid=243).

51. WHO Framework Convention on Tobacco Control, *Elaboration of Guidelines for Implementation of Article 11 of the Convention*, ¶ 46, FCTC/COP/3/7 (Aug. 21, 2008) (emphasis added). For a discussion of these guidelines and the guidelines for implementation of Article 13, see WHO Framework Convention on Tobacco Control, *Elaboration of Guidelines for Implementation of Article 13 of the Convention*, ¶¶ 15, 16 FCTC/COP/3/7 (Aug. 21, 2008), which provides:



The FCTC and its Guidelines are definitely relevant as part of the context in interpreting the application of the TRIPS Agreement to plain packaging measures.<sup>52</sup> This Article discusses their role in interpretation below.<sup>53</sup>

Legally speaking, no FCTC member has an obligation to apply any of those Guidelines, nor do those Guidelines amend any of the WTO instruments. FCTC members should thus balance those Guidelines with other objectives and implement them in light of their other legal obligations. That is precisely the point of this Article. Put differently, this Article does not question that the Guidelines support plain packaging and that some extend to the elimination of figurative marks and the imposition of strict formats for word marks (brands). However, it seems self-evident that though they are contextually relevant, the Guidelines do not amount to a deletion of TRIPS Agreement obligations both because the instrument was adopted in a different context and because reference is made here to the

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15. 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 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.

16. The effect of advertising or promotion on packaging can be eliminated by requiring plain packaging: black and white or two other contrasting colours, as prescribed by national authorities; nothing other than a brand name, a product name and/or manufacturer's name, contact details and the quantity of product in the packaging, without any logos or other features apart from health warnings, tax marks and other government-mandated information or markings; prescribed font style and size; and standardized shape, size and materials. There should be no advertising or promotion inside or attached to the package or on individual cigarettes or other tobacco products.

See also Kate Lannan, *The WHO Framework Convention on Tobacco Control: The International Context for Plain Packaging*, in *PUBLIC HEALTH AND PLAIN PACKAGING OF CIGARETTES: LEGAL ISSUES* 11, 21–23 (Tania Voon et al. eds., 2012) (discussing Article 11 guidelines).

52. The landmark dispute for allowing the use of non-WTO sources to interpret WTO obligations is Appellate Body Report, *United States—Import Prohibition of Certain Shrimp and Shrimp Products*, WT/DS58/AB/R (Oct. 12, 1998). As Frankel explained:

In the *Shrimp Turtle* report, the Appellate Body considered other rules of international law to interpret the phrase 'exhaustible natural resources' found in Article XX(g) of GATT. The interpretation was necessary to consider the legitimacy of the United States ban on the importation of shrimp that was fished in a way that 'incidentally' killed sea turtles. In order to interpret the phrase, the Panel and the Appellate Body referred to the United Nations Convention on the Law of the Sea (UNCLOS) in support of the conclusion that natural resources included both living and non-living resources.

Frankel, *supra* note 10, at 424.

53. See discussion *infra* Part V.

Guidelines. As this Article discusses below, other WTO and WHO members have taken a different approach to the policy “balancing act” involved in determining how to implement plain packaging measures.<sup>54</sup>

Here, it may be useful to recall that there is conflicting evidence over whether or to what extent plain packaging is (or will be) effective. This Article’s authors do not purport to be experts on the FCTC or the Guidelines to that convention, nor do they intend here to survey that evidence comprehensively or in detail (that full debate must be had among relevant experts), or to determine which evidence is more convincing.<sup>55</sup> Rather, this Article merely sets out an illustrative sample of that evidence from different perspectives. In 2009, a study claimed plain packaging was very effective.<sup>56</sup> The study concluded:

The evidence indicates three primary benefits of plain packaging: increasing the effectiveness of health warnings, reducing false health beliefs about cigarettes, and reducing brand appeal especially among youth and young adults. Overall the research to date suggests that “plain” packaging regulations would be an effective tobacco control measure, particularly in jurisdictions with comprehensive restrictions on other forms of marketing.<sup>57</sup>

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54. See discussion *infra* notes 60 and 201 on the draft EU directive.

55. The central concern of this Article is the accurate way to interpret the TRIPS Agreement (and where relevant, other international agreements). The nature of the plain packaging debate, however, compels us to inform the reader that we do not like smoking and we particularly believe youth smoking should be actively discouraged.

56. David Hammond, “Plain Packaging” Regulations for Tobacco Products: The Impact of Standardizing the Color and Design of Cigarette Packs, 52 Suppl. 2 SALUD PÚBLICA DE MÉXICO S226, S230 (2010), available at <http://www.scielosp.org/pdf/spm/v52s2/a18v52s2.pdf> (“The evidence base in support of ‘plain’ and standardized packaging is growing rapidly and consistently points to the potential benefit of plain packaging . . .”). Thanks to Matthew Maynard, student at Western Ontario Law School, for directing Susy Frankel to this study.

57. *Id.* at S226. For further studies on the effects of plain packaging regulation, see PHILLIP MORRIS NEW ZEALAND LIMITED, PLAIN PACKAGING OF TOBACCO PRODUCTS WILL NOT REDUCE SMOKING RATES, AND WILL VIOLATE NEW ZEALAND’S INTERNATIONAL TRADE OBLIGATIONS: A RESPONSE TO THE MINISTRY OF HEALTH CONSULTATION ON PLAIN PACKAGING OF TOBACCO PRODUCTS (2012), available at [http://www.pmi.com/eng/tobacco\\_regulation/submissions/Documents/Executive\\_Summary\\_of\\_PMNZ\\_submission\\_on\\_plain\\_packaging\\_final.pdf](http://www.pmi.com/eng/tobacco_regulation/submissions/Documents/Executive_Summary_of_PMNZ_submission_on_plain_packaging_final.pdf); Park Beede et al., *The Promotional Impact of Cigarette Packaging: A Study of Adolescent Responses to Cigarette Plain-Packs* (June 29, 1990) (unpublished manuscript), available at <http://legacy.library.ucsf.edu/tid/enu22e00/pdf;jsessionid=6A2392045A99A0B16386160B18EE03BE.tobacco03>; Juliana Doxey & David Hammond, *Deadly in Pink: The Impact of Cigarette Packaging Among Young Women*, 20 TOBACCO CONTROL 353 (2011); Richard Edwards, Plenary Address, Oceania Tobacco Control Conference, Oceania Plenary Address: Tobacco Controlled—What Will It Take? (Oct. 18, 2011), available at <http://aspire2025.files.wordpress.com/2011/11/edwards-2011-oceania-plenary-address-tobacco-controlled.pdf>; Philip Gendall et al., *Young Adults’ Interpretations of Tobacco*

A 2013 study released in the United Kingdom suggested that plain packaging was likely to lead to a small but not insignificant reduction in smoking, especially among youth.<sup>58</sup> Interestingly, a recent EU proposal concerning tobacco packaging would not target cigars in the same way as cigarettes (initially at least) because these products are mainly consumed by older consumers.<sup>59</sup> If adopted, that proposal would not mandate plain packaging, but it would reduce the space available for trademarks to less than 25 percent of the front and back of the pack.<sup>60</sup>

It has been argued that plain packaging may increase illicit trade in tobacco, in part because it makes it cheaper to produce packs (for any brand).<sup>61</sup> And another study concluded: "There is no statistically significant direct relationship between PSA [pack space appropriation] regulation . . . and licit tobacco consumption."<sup>62</sup>

As mentioned above, this Article does not opine on the value or strength of this evidence and the different stances policy makers from

*Brands: Implications for Tobacco Control*, 13 NICOTINE & TOBACCO RES. 911 (2011); Guido Van Hal et al., *Flemish Adolescents' Perceptions of Cigarette Plain Packaging: A Qualitative Study With Focus Group Discussions*, 2 BMJ OPEN 1, 1 (2012); David Hammond et al., *The Effect of Cigarette Branding and Plain Packaging on Female Youth in the United Kingdom*, 52 J. ADOLESCENT HEALTH 151 (2012); Janet Hoek et al., *Effects of Dissuasive Packaging on Young Adult Smokers*, 20 TOBACCO CONTROL 183 (2011); Hoek et al., *Tobacco Branding*, *supra* note 46; Crawford Moodie et al., *Young People's Perceptions of Cigarette Packaging and Plain Packaging: An Online Survey*, 14 NICOTINE & TOBACCO RES. 98 (2011); Scheffels, *supra* note 43; Christine M. White et al., *The Potential Impact of Plain Packaging of Cigarette Products Among Brazilian Young Women: An Experimental Study*, 12 BMC PUB. HEALTH 737 (2012).

58. The exact prediction is an overall decrease of 1 percent of the population who smokes after two years. *Plain Packaging of Tobacco Products Would Cut Smoking*, *Experts Say*, SCIENCE DAILY (Jan. 23, 2013), [www.sciencedaily.com/releases/2013/01/130123115354.htm?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+sciencedaily%2Fliving\\_well+\(ScienceDaily%3A+Living+Well+News\)](http://www.sciencedaily.com/releases/2013/01/130123115354.htm?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+sciencedaily%2Fliving_well+(ScienceDaily%3A+Living+Well+News)).

59. *Commission Proposal for a Directive of the European Parliament and of the Council on the Approximation of the Laws, Regulations and Administrative Provisions of the Member States Concerning the Manufacture, Presentation and Sale of Tobacco and Related Products*, at 7, COM (2012) 788 final (Dec. 19, 2012) [hereinafter *Presentation and Sale of Tobacco and Related Products*].

60. See *id.* at arts. 8, 9(1)(c) (providing the minimum size of health warnings (front, back, and side panels of packages)). The remaining space is left not only for trademarks but also for stamp tax markings, unique identifiers, etc. under Articles 7(3), 7(5), and 14(8). The marks used in the available space should not be "false, misleading, deceptive or likely to create an erroneous impression . . ." *Id.* at art. 12(1)(a).

61. See Alex Ralph, *Plain Packaging 'Will Lead to Big Rise in Illicit Tobacco'*, THE TIMES, Jan. 23, 2013, at 31, available at <http://www.thetimes.co.uk/tto/business/industries/consumer/article3665098.ece> ("Any move to enforce non-branded cigarette packets risks boosting the trade in illicit tobacco . . .").

62. DELOITTE, TOBACCO PACKAGING REGULATION: AN INTERNATIONAL ASSESSMENT OF THE INTENDED AND UNINTENDED IMPACTS 4 (2001), available at [http://www.bat.com/group/sites/uk\\_3mnfen.nsf/vwPagesWebLive/DO8GHH3V/\\$FILE/medMD8GHFFW.pdf?openelement](http://www.bat.com/group/sites/uk_3mnfen.nsf/vwPagesWebLive/DO8GHH3V/$FILE/medMD8GHFFW.pdf?openelement) (commissioned by British American Tobacco).

various WTO members have taken. However, the purpose and strength of this evidence and other evidence addressing the same and similar issues is likely to be central to the interpretation of what amounts to an *unjustified* encumbrance under TRIPS Agreement Article 20, as this Article explains below.<sup>63</sup> Justification can be advanced not only as a matter of theory (experts explaining why plain packaging may or may not work) but also empirically. Given that the WTO cases were delayed sufficiently to see the early impact of the Australian legislation, empirical evidence may become available.<sup>64</sup> It may be used to sway a panel on the application of the justification test. The evidence would also be relevant to TRIPS Agreement Article 8, which is part of the context and object and purpose of Article 20, because it refers to measures being necessary to protect public health.<sup>65</sup> While necessity and justification are different notions, both must be interpreted contextually as the next Part explains.

### III. THE RULES OF TREATY INTERPRETATION

The central rule of interpretation and key part of Article 31 of the VCLT requires that

[a] treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.<sup>66</sup>

63. Any encumbrance must not be unjustified. See TRIPS Agreement, *supra* note 1, at art. 20 (“The use of a trademark in the course of trade shall not be unjustifiably encumbered . . .”).

64. See, e.g., Melanie Wakefield, Megan Bayly & Michelle Scollo, *Product Retrieval Time in Small Tobacco Retail Outlets Before and After the Australian Plain Packaging Policy: Real-World Study*, TOBACCO CONTROL (Sept. 25, 2013), available at <http://tobaccocontrol.bmj.com/content/early/2013/05/25/tobaccocontrol-2013-050987.abstract> (detailing a study on the change in cigarette package retrieval following the plain packaging legislation in Australia).

65. Article 8 of the TRIPS Agreement requires necessity. See TRIPS Agreement, *supra* note 1, at art. 8; see also *infra* Part V.

66. VCLT, *supra* note 5, at art. 31.1. Article 31 continues to explain context, which is discussed further below. It provides:

2. The context for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:

- (a) any agreement relating to the treaty which was made between all the parties in connection with the conclusion of the treaty;
- (b) any instrument which was made by one or more of the parties in connection with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.

3. There shall be taken into account, together with the context:

- (a) any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions;

This key provision begins with the rule that interpretation of a treaty should be “in good faith.”<sup>67</sup> This somewhat broad concept may, at first blush, seem to be so general as to be merely a “diplomatic” gloss on hard(er) rules of treaty interpretation. It is, however, not an abstract requirement.<sup>68</sup> While the operative parts of Article 31 (“ordinary meaning” in context and the treaty’s object and purpose) are central to the analytical framework of this article, the good faith requirement adds that these tools of interpretation should not be used to reach an absurd or unreasonable result.<sup>69</sup> What amounts to such a result will of course be specific to the facts and treaty at issue.<sup>70</sup> In the context of trademarks and the TRIPS Agreement, a good faith interpretation must at least require that the trademark provisions are interpreted in light of their context and of the TRIPS Agreement’s object and purpose.

In interpreting treaty language, all aspects of Article 31.1 are relevant. As explained above, the ordinary meaning of an article in a treaty is discerned by looking not only at the words of the article in question but also at that article’s context and the object and purpose of the treaty.<sup>71</sup> Specific statements about object and purpose, whether in a treaty’s preamble or in other provisions, are relevant to context

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(b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation;

(c) any relevant rules of international law applicable in the relations between the parties.

4. A special meaning shall be given to a term if it is established that the parties so intended.

*Id.* at art. 31.

67. The TRIPS Agreement is not a self-standing treaty. However, it is part of a treaty, as Annex 1C of the Agreement Establishing the World Trade Organization, April 15, 1994. See TRIPS Agreement, *supra* note 1.

68. See SINCLAIR, *supra* note 5, at 120 (noting that while good faith may seem abstract, it is an objective criterion).

69. *Id.*

70. Commentators have suggested utilizing domestic law concepts in international law. For example, see Mary E. Hiscock *The Keeper of the Flame: Good Faith and Fair Dealing in International Trade*, 29 LOY. L.A. L. REV 1059, 1066–67 (1996). Hiscock discusses how good faith can translate between domestic and international law. In essence, she argues that the business efficacy test in contract law has relevance internationally. See also Adam Kramer, *Implication in Fact as an Instance of Contractual Interpretation*, 63 CAMBRIDGE L.J. 384, 408 (2004) (noting that a duty of good faith applies in a such a way that is reasonable to expect given the circumstances).

71. See SINCLAIR, *supra* note 5, at 119 (noting that Article 31(1) requires treaty terms to be given their ordinary meaning “in their context and in the light of [the treaty’s] object and purpose”).

and to object and purpose.<sup>72</sup> In the TRIPS Agreement, this includes Article 8, which provides that

Members may, in formulating or amending their laws and regulations, adopt measures *necessary to protect public health* and nutrition, . . . provided that such measures are consistent with the provisions of this Agreement.<sup>73</sup>

A number of scholars have argued that there has been a tendency for the WTO panels and the Appellate Body to interpret the TRIPS Agreement in a rather rigid, formalistic way.<sup>74</sup> They argue that, on the face of existing dispute settlement reports, the WTO's use of the VCLT has not given due weight to the object and purpose of the TRIPS Agreement and the purposes of intellectual property more generally.<sup>75</sup> Additionally, the Doha Declaration on the TRIPS Agreement and Public Health expressly states that Articles 7 and 8 are relevant to interpretation of the TRIPS Agreement.<sup>76</sup> An apparent lack of attention to the object and purpose of the TRIPS Agreement and the domestic policy aspirations of some of its members have led those commentators and others to suggest broader approaches to achieve a purposive interpretation.<sup>77</sup>

72. See VILLIGER, *supra* note 5, at 428 (“Article 31 does not state where object and purpose may be sought. Traditionally the preamble . . . is resorted to, or a general clause at the beginning of a treaty.”).

73. TRIPS Agreement, *supra* note 1, at art. 8 (emphasis added).

74. Professors Dinwoodie and Dreyfuss, for example, describe the WTO dispute settlement panel approach to interpretation of the TRIPS Agreement as formalistic because of the way the panels look at isolated provisions rather than the package of arrangements that led to the particular provision at issue. See Graeme B. Dinwoodie & Rochelle Dreyfuss, *TRIPS and the Dynamics of Intellectual Property Lawmaking*, 36 CASE W. RES. J. INT'L L. 95, 96–98 (2004).

75. See Frankel, *supra* note 10, at 396–97 (arguing that the WTO's reports lack analysis regarding the object and purpose of the TRIPS Agreement); see also Peter K. Yu, *The Objectives and Principles of the TRIPS Agreement*, 46 HOUS. L. REV. 979, 1021 (2009) (arguing that the WTO has used Articles 7 and 8 concerning the object and purpose of the TRIPS Agreement sparingly in decisions).

76. The need for the application of interpretive principles to give full weight to the TRIPS Agreement's objectives and principles contained in Articles 7 and 8 in dispute settlement was underscored in the Doha Declaration. See World Trade Organization, Ministerial Declaration of 20 November 2001, ¶ 5.a, WT/MIN(01)/DEC/2 [hereinafter Doha Declaration on Public Health] (“[E]ach provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement . . .”); see also James T. Gathii, *The Legal Status of the Doha Declaration on TRIPS and Public Health Under the Vienna Convention on the Law of Treaties*, 15 HARV. J.L. & TECH. 291, 292–93 (2002) (“[T]he Doha Declaration should now be regarded as an interpretive element in the interpretation of the TRIPS Agreement under customary international law.”).

77. See generally GRAEME B. DINWOODIE & ROCHELLE C. DREYFUSS, *A NEO-FEDERALIST VISION OF TRIPS: THE RESILIENCE OF THE INTERNATIONAL INTELLECTUAL PROPERTY REGIME* 14–16 (2012), where the authors suggest that greater attention should be paid to domestic policy goals and the use of an international *acquis* of intellectual property to give better interpretive effect to the TRIPS Agreement. Daya

This Article does not disagree with the view that the WTO's application of the VCLT rules may not have given the rules their full effect and that the WTO's approach to interpretation of the TRIPS Agreement may at times seem unduly formalistic. Indeed, the authors of this Article have made some of these arguments.<sup>78</sup> However, although the VCLT rules of interpretation *can* lead to a formalistic approach, formalism is not the inevitable consequence of, or the only approach under, the VCLT.<sup>79</sup> Formalism may stem from the fact that WTO panels and the Appellate Body seem particularly conscious that their role is to interpret the agreements and not to add to them or to modify the substance of negotiated concessions.<sup>80</sup> That is rightly so. However, this Article suggests that giving interpretive effect to the context of an article and to the treaty's object and purpose is not the same as adding to the TRIPS Agreement. Put differently, if context and object and purpose are fully utilized, then VCLT interpretation will potentially be less formalistic and can be more purposive without modifying or adding to the negotiated WTO texts.

While the VCLT embraces purpose, it has rules about what sources can be used to identify that purpose. The primary rule is that the words of the treaty must be interpreted according to their

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Shanker, *The Vienna Convention on the Law of Treaties, Dispute Settlement System of the WTO and the Doha Declaration on the TRIPS Agreement*, 36(4) J. WORLD TRADE 721 (2002).

78. See Frankel, *supra* note 10, at 397 (explaining that the WTO did not fully discuss the object and purpose of the TRIPS Agreement); DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 62–63, 436–39 (4th ed. 2012).

79. There are many approaches to interpretation even within the VCLT rules, and there can be a tendency for a tribunal to emphasize one part of the rules over the other depending on the aims of the tribunal and the nature of the agreement before it. See generally Joost Pauwelyn & Manfred Elsig, *The Politics of Treaty Interpretation: Variations and Explanations Across International Tribunals*, in *INTERDISCIPLINARY PERSPECTIVES ON INTERNATIONAL LAW AND INTERNATIONAL RELATIONS* 445 (Jeffrey L. Dunoff & Mark A. Pollack eds., 2013) (discussing the various approaches to treaty interpretation in different tribunals even when applying the VCLT).

80. DSU Article 3(2) provides:

The dispute settlement system of the WTO is a central element in providing security and predictability to the multilateral trading system. The Members recognize that it serves to preserve the rights and obligations of Members under the covered agreements, and to clarify the existing provisions of those agreements in accordance with customary rules of interpretation of public international law. Recommendations and rulings of the DSB cannot add to or diminish the rights and obligations provided in the covered agreements.

DSU, *supra* note 4, at art. 3(2). And Article 19(2) states, “[I]n their findings and recommendations, the panel and Appellate Body cannot add to or diminish the rights and obligations provided in the covered agreements.” *Id.* at art. 19(2).

ordinary meaning.<sup>81</sup> The structure of Article 31.1 is precisely that the context and object and purpose of the treaty are part of the ordinary meaning exercise.<sup>82</sup> They are not meant to change the ordinary meaning. Rather, they are tools to locate or discern the ordinary meaning and inform proper interpretation.<sup>83</sup>

It is now beyond doubt that interpretation of a treaty must not be treated as a mere “black letter” law exercise but rather as is a much more nuanced and detailed process.<sup>84</sup> The WTO has explained that the correct method of interpretation in accordance with Article 31 of the VCLT is a “holistic” approach:

The principles of interpretation that are set out in Articles 31 and 32 are to be followed in a holistic fashion. The interpretative exercise is engaged so as to yield an interpretation that is harmonious and coherent and fits comfortably in the treaty as a whole so as to render the treaty provision legally effective. A word or term may have more than one meaning or shade of meaning but the identification of such meaning in isolation only commences the process of interpretation, it does not conclude it. . . . Instead, a treaty interpreter is required to have recourse to context and object and purpose to elucidate the relevant meaning of the word or term. This logical progression provides a framework for proper interpretative analysis. At the same time, it should be kept in mind that treaty interpretation is an integrated operation, where interpretative rules or principles must be understood and applied as connected and mutually reinforcing components of a holistic exercise.<sup>85</sup>

The central concern of this Article is that some of the approaches to treaty interpretation, which have emerged in the discussion about the plain packaging of cigarettes, are not only an incorrect

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81. See VCLT, *supra* note 5, at art. 31.1 (“A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.”).

82. *Id.*

83. The VCLT expressly requires that the negotiating history not be used as a primary source to determine the ordinary meaning but rather, in the second instance, in order to confirm the ordinary meaning established under Article 31. See *id.* at art. 32 (noting that this type of history is a supplementary tool of interpretation).

84. A black letter law approach is a literal approach without regard to context or object and purpose and is not an appropriate approach to international treaty interpretation. See VCLT, *supra* note 5, at art. 31; see also *infra* Part IV.B.2.

85. Appellate Body Report, *United States—Continued Existence and Application of Zeroing Methodology*, ¶ 269, WT/DS350/AB/R (Feb. 4, 2009). This is an antidumping case rather than a dispute under the TRIPS Agreement, but the principles of VCLT interpretation apply equally to all international treaties including WTO agreements. Indeed, the Appellate Body has said that the VCLT rules impose certain common disciplines upon treaty interpreters irrespective of the content of the treaty provision being examined and irrespective of the field of international law concerned. Appellate Body Report, *United States—Continued Existence and Application of Zeroing Methodology*, ¶ 267, WT/DS350/AB/R (Feb. 4, 2009) (citing Appellate Body Report, *United States—Anti-Dumping Measures on Certain Hot-Rolled Steel Products from Japan*, ¶ 60, WT/DS184/AB/R (July 24, 2001)).



interpretation of the meaning of articles of the TRIPS Agreement but also that such approaches do violence to methods of treaty interpretation with potentially deleterious effects on future interpretation of TRIPS Agreement provisions, the rules-based dispute-settlement system, and even the stability of the WTO agreements. The authors of this Article do not dispute that there will be differences of interpretation when using the VCLT. However, a dispute over interpretation within a rules-based system is different from a dispute where some arguments defy the agreed and established method of interpretation.

#### IV. TRADEMARK RIGHTS

At the center of the debate over whether plain packaging is compatible with the TRIPS Agreement is the scope of its minimum standards that WTO members must provide in their domestic trademark laws. The key provisions about trademarks are found in the Paris Agreement for the Protection of Industrial Property (the Paris Convention),<sup>86</sup> which is incorporated into the TRIPS Agreement.<sup>87</sup> The TRIPS Agreement's substantive trademark minimum standards are found in Articles 15–21 in the part of the TRIPS Agreement under the heading "Standards concerning the availability, scope and use of Intellectual Property Rights."<sup>88</sup> The broad framework of those provisions is to provide standards for the subject matter of trademarks (Article 15); the exclusive rights of trademark owners (Article 16); exceptions to the rights conferred by a trademark (Article 17); and other articles relating to the term of protection, requirements of use, and licensing.<sup>89</sup> As mentioned above and detailed further below, Article 20 is key to the issues of plain packaging. This is why it is the central focus of this Article's VCLT analysis.<sup>90</sup> Therefore, this Article first discusses Article 20 and then considers the other articles, as the VCLT requires, as part of the context of Article 20.

##### A. *The Nature of the Article 20 Obligation*

According to Article 20, the use of a trademark in the course of trade shall not be "unjustifiably encumbered" by special

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86. Paris Convention for the Protection of Industrial Property, July 14, 1967, 828 U.N.T.S. 305 [hereinafter Paris Convention].

87. TRIPS Agreement, *supra* note 1, at art. 9(1).

88. *Id.* at arts. 15–21.

89. *Id.* at arts. 18, 19, 21.

90. This Article does not address a possible direct role for Article 16. See *supra* note 16.

requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.<sup>91</sup> This provision seems to presuppose some form of use (otherwise why would the TRIPS Agreement prohibit certain encumbrances). Some have argued, as this Article has discussed above, that because the TRIPS Agreement does not contain a full or explicit right to use, the issue of use is irrelevant. This Article disagrees with this view. The matter is not binary: full right to use or no interest in use at all. One must look at Article 20 in context to understand how and to what extent use is relevant.

Beginning with the language of Article 20, to encumber is to “hamper, impede, or burden.”<sup>92</sup> As a starting point to VCLT interpretation, based on the ordinary meaning of the words, a measure completely preventing the use of a trademark (or any measure tantamount thereto) encumbers the trademark’s capability to distinguish the goods or services of one undertaking from those of other undertakings.<sup>93</sup>

Some have argued that Article 20 can be interpreted to prohibit small(er) scale encumbrances on the use of trademarks (e.g., use in a special form) but not measures tantamount to a complete ban.<sup>94</sup> Can

91. TRIPS Agreement, *supra* note 1, at art. 20.

92. OXFORD ENGLISH DICTIONARY ONLINE, <http://www.oed.com/view/Entry/61832?rskey=IjAc0E&result=2#eid> (last visited Oct. 21, 2013).

93. It has been argued, however, that a complete ban is not covered under Article 20. *See, e.g.,* Benn McGrady, *TRIPS and Trademarks: The Case of Tobacco*, 3(1) WORLD TRADE REV. 53, 62–63 (2004).

94. For example, see Mark Davison, *The Legitimacy of Plain Packaging Under International Intellectual Property Law: Why There Is No Right to Use a Trademark Under Either the Paris Convention or the TRIPS Agreement*, in PUBLIC HEALTH AND PLAIN PACKAGING OF CIGARETTES: LEGAL ISSUES, *supra* note 51, at 81, 94–95, which states:

There are two basic competing views of what it means to encumber the use of a trademark for the purposes of Article 20. The first, broad view is that a total prohibition on use constitutes an encumbrance by special requirements. The alternative, narrow view is that an encumbrance can only be some form of positive requirement about how a trademark is used, not a ban on use. Much has been said about these two views by way of the application of standard principles of interpretation of international treaties, and by simply considering the nature of the word ‘encumbered’ in isolation from other provisions in the TRIPS Agreement and the Paris Convention and, indeed, in isolation from the related wording in Article 20 [...] One difficulty with this approach is that the relevant interpretation issue is not just the meaning of the word ‘encumbered’ but the meaning of the entire expression ‘encumbered by special requirements’. Tobacco advocates repeatedly focus on the meaning of ‘encumbered’ and ignore the requirement to interpret the relevant provision, not just one word within it. ‘Encumbered by special requirements’ is a quite specific indication of the nature of the encumbrance. Moreover, the four examples of special requirements given by Article 20 generate an *ejusdem generis* in which ‘special requirements’ constituting the encumbrance are requirements relating to

this be so? The policy underpinning and the articulated words of Article 20 suggest that certain measures are ultimately to the detriment of the ability of a trademark to distinguish its goods or services. It would seem to follow from this that interpreting Article 20 as not applying to complete bans is not obvious or apparent from the ordinary meaning.<sup>95</sup> Put differently, a panel (or the Appellate Body) would have to find that a complete prohibition is not an encumbrance because it is something different but is *more* than an encumbrance.<sup>96</sup>

An argument advanced for allowing complete bans but prohibiting smaller encumbrances seems to be that because Article 20 refers to “use,” it is not applicable when there is no use because there is a complete ban on use. That approach also seems exceedingly literal and noncontextual. It does not lead to a reasonable result and thus is inconsistent with recognized treaty interpretation principles.

Indeed, it resembles an argument that was unsuccessfully made at the WTO about the General Agreement on Trade in Services (GATS)<sup>97</sup>—namely, whether a “total prohibition” of online gambling

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actual use, not partial or total prohibition of use. Thus, Article 20 applies only to positive requirements regulating the use of a trademark, not partial or total prohibitions of the use of a trademark.

This argument is given some weight by Tania Voon and Andrew Mitchell who state that “[s]ome uncertainty exists regarding whether plain packaging ‘encumber[s]’ the use of trade mark by ‘special requirements.’” See Tania Voon & Andrew Mitchell, *Face Off: Assessing WTO Challenges to Australia’s Scheme for Plain Tobacco Packaging*, 22 PUB. L. REV. 218, 236 (2011). They then conclude on the same page that the “key question is whether the encumbrance is justifiable” and then proceed to discuss that point. *Id.* at 235–40. This discussion is also found in Tania Voon & Andrew Mitchell, *Implications of WTO Law for Plain Packaging of Tobacco Products*, in PUBLIC HEALTH AND PLAIN PACKAGING OF CIGARETTES: LEGAL ISSUES *supra*, note 51, at 109, 119–29, and Submission by Associate Professors Andrew Mitchell and Tania Voon to the Inquiry into Tobacco Plain Packaging by the House Committee on Health and Ageing (Submission No. 30 (Plain Packaging Bill), July 25, 2011) 11–13. However, in Mitchell, *supra* note 46, at 418, the author says, “In any case, it appears that plain packaging is clearly an encumbrance within the meaning of Article 20.”

95. See Jürg Simon, *TRIPS Article 20*, in CONCISE INTERNATIONAL AND EUROPEAN IP LAW: TRIPS, PARIS CONVENTION, EUROPEAN ENFORCEMENT AND TRANSFER OF TECHNOLOGY 58 (Thomas Cottier & Pierre Véron eds., 2008) (“Art. 20 protects the integrity of trademarks, . . . especially their ability to distinguish the goods and services of one undertaking from those of other undertakings.”). Additionally, the advocates of this argument now seem to agree that Article 20 does apply. The issue is thus whether there is justification for the encumbrance.

96. As discussed *infra* Part IV.B.2, the rights provided in Article 16 (against unauthorized third-party use of a protected mark) make little sense if the trademark owner cannot use the mark. Presumably, use by the third party would be illegal under the ban on use of the mark and action for violating that ban could be taken by the state that banned such mark. See *infra* Part IV.B.2.

97. General Agreement on Trade in Services (GATS), 15 April 1994, Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement), Annex 1B, Apr. 15, 1994, 1869 UNTS. 183 [hereinafter GATS].

services could amount to a limitation on market access.<sup>98</sup> In that instance, the argument was that because the relevant market-access part of GATS refers to “limitations on the number” it could not apply to a prohibition that did not provide a numerical quota but was effectively zero.<sup>99</sup> The Appellate Body regarded that interpretation as too literal and found that the object and purpose of GATS did not require a specific form of the limitation.<sup>100</sup> What was important was the *effect* of the limitation.<sup>101</sup> Here, it is reasonable that an interpretation of Article 20 give effect to the object and purpose of Article 20—namely, to prevent unjustified encumbrances on trademark use.<sup>102</sup> Whether any encumbrance is unjustified is a separate question, which is discussed below.

As noted above, a principle of interpretation is that when two (or more) interpretations are possible, preference should be given to the one that supports the object and purpose of the treaty, in the sense of making the treaty effective, and is made in good faith. The good faith principle should be an objective principle of interpretation, not an abstract notion, and should not lead to a result that is either “manifestly absurd or unreasonable.”<sup>103</sup> This principle supports this Article’s preferred interpretation of Article 20. To interpret Article 20 as prohibiting some encumbrances, but not complete bans, would be to choose an interpretation that does not support the object and purpose of the trademark provisions of the TRIPS Agreement—to encourage the use of trademarks in the course of trade—and is arguably unreasonable because, as above, it would permit something more than an encumbrance. It would permit the greater but not the lesser harm.<sup>104</sup>

Continuing the reading of Article 20, the requirement must also be “special” for it to fall under Article 20’s purview. The term *special* was interpreted in relation to TRIPS Article 13 in the WTO Panel Report, *United States—Article 110(5) of the US Copyright Act*,<sup>105</sup> as

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98. Appellate Body Report, *United States—Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, ¶ 373(A)(i), WT/DS285/AB/R (Apr. 7, 2005).

99. *Id.* ¶¶ 233–37.

100. *Id.*

101. *Id.*

102. The object and purpose of an individual article is relevant under VCLT rules to the object and purpose of the treaty as a whole. See Appellate Body Report, *European Communities—Customs Classification of Frozen Boneless Chicken Cuts*, ¶¶ 238–39, WT/DS269/AB/R, WT/DS286/AB/R (Sept. 12, 2005).

103. SINCLAIR, *supra* note 5, at 120.

104. In addition to a ban on the use of certain types of trademarks, plain packaging measures may also impose a special form of trademarks that are permitted. This is an encumbrance within the meaning of Article 20.

105. Panel Report, *United States—Section 110(5) of the US Copyright Act*, ¶ 6.109, WT/DS160/R (June 15, 2000) (adopted July 27, 2000) [hereinafter Section 110(5) Panel Report].

“having an individual or limited application or purpose”; “containing details; precise, specific”; “exceptional in quality or degree; unusual; out of the ordinary”; or “distinctive in some way.”<sup>106</sup> The word *special* in Article 20 qualifies *requirements*.<sup>107</sup> These requirements may well include requirements outside of trademark law. Whereas, the word *special* in Article 13 qualifies *cases*, which are cases within copyright law.

Can the word *special* in Article 20 in some sense have a broader meaning than in Article 13 and would that modify the outcome of the analysis? Where a WTO panel has previously interpreted the same word in the same agreement, it likely will take that definition into account in future cases. However, in *United States—Article 110(5) of the US Copyright Act*, the panel considered the various meanings of *special* in the *Oxford English Dictionary*,<sup>108</sup> which might give another panel some leeway when the term is recontextualized as it arguably should be here. In any event, a requirement applicable only or primarily to trademark use on tobacco packaging would likely fall within any reasonable definition of *special*; such a requirement would certainly seem to have “limited application or purpose” and contain “details; [be] precise, specific.”<sup>109</sup>

The next step is to consider how the words of Article 20 embody the function of trademarks in the course of trade, a concept with strong origins in national trademark doctrines. When interpreting Article 20, the domestic law traditions of any one party to the TRIPS Agreement will not necessarily be determinative. State practice, however, may be relevant to determining the ordinary meaning of terms incorporated in the agreement when those terms were known to have an agreed meaning, and even an object and purpose, reflective of domestic law.<sup>110</sup>

The original tort of “passing off” prevented a merchant from putting another’s mark on his wares.<sup>111</sup> At common law, the existence of protection depended on use in commerce by the plaintiff.<sup>112</sup> Modern trademark theory has recognized that trademarks protect not only the owners of marks but also benefit consumers, especially by

106. *Id.*

107. TRIPS Agreement, *supra* note 1, at art. 20.

108. Section 110(5) Panel Report, *supra* note 105, ¶ 6.109.

109. *Id.*

110. State practice subsequent to the entering into force of the TRIPS Agreement might also be relevant to VCLT interpretation if it “establishes the agreement of the parties regarding its interpretation.” See VCLT, *supra* note 5, at art. 31.3(b).

111. Xuan-Thao N. Nguyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C. L. REV. 483, 542–43 (2003).

112. See Aneta Ferguson, *The Trademark Filing Trap*, 49 IDEA 197, 224 (2009) (noting that “a trademark is primarily a common law right acquired through use in commerce and thus protected under the common law”).

reducing search costs.<sup>113</sup> Trademarks allow consumers to identify lawful products that they wish to purchase and to expect a certain quality that they associate with a given trademark.<sup>114</sup> This is said to be an incentive for the trademark owner to maintain its brand.<sup>115</sup> Making all packages more or less similar impairs this function of trademarks.<sup>116</sup> This is arguably a situation that Article 20 and the TRIPS Agreement trademark section more generally were meant to constrain by making it subject to a justifiability test.

The international situation is admittedly complex because of the different approaches to trademark protection in different countries. In countries with a civil law system, registration of a mark is the legal act that confers rights.<sup>117</sup> Unregistered marks are not protected *as such*, although remedies are often available under general rules concerning unfair or parasitic competition.<sup>118</sup> In Anglo-American common law systems, trademark law originated as the judicially created tort of passing off.<sup>119</sup> Registration is not required to obtain

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113. See WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 185–86 (2003) (analyzing how the presence of trademarks allows for consumers to readily discern the producer of a good).

114. A similar point is made by the High Court of Australia in the decision about plain packaging and constitutional compensation. See *JT Int'l SA v Commonwealth* [2012] HCA 43 ¶ 31 (Austl.):

At common law, the property interest associated with a trademark was derived from the goodwill of the business which used it. However, the rights conferred by successive Commonwealth statutes on the holders of registered trademarks have always been 'a species of property of the person whom the statute describes as its registered proprietor'. Those rights are the exclusive rights to use the trademark and to authorise other persons to use the trademark in relation to the goods and/or services in respect of which the trademark is registered. They are capable of assignment and transmission and attract equities which 'may be enforced in the like manner as in respect of any other personal property.' Their existence is conditioned upon satisfaction of requirements for registration. They can cease to exist by operation of statutory mechanisms such as rectification, removal from the register, or failure to renew.

115. LANDES & POSNER, *supra* note 113, at 185–86.

116. As noted above, both those in favor of and those against plain packaging agree that plain packaging impairs trademark functions. See *supra* notes 43–44 and accompanying text.

117. See Nguyen, *supra* note 111, at 542 (“[C]ivil law countries grant trademark protection based on registration.”).

118. In France, such protection is based upon Article 1382 of the Civil Code. See ANSELM KAMPERMAN SANDERS, *UNFAIR COMPETITION LAW* 28 (1997). For Germany, see Christian Schertz & Susanne Bergmann, *Germany*, in *CHARACTER MERCHANDISING IN EUROPE*, 136–37 (Heijo Ruijsenaars ed., 2003).

119. See CHRISTOPHER WADLOW, *THE LAW OF PASSING-OFF: UNFAIR COMPETITION BY MISREPRESENTATION* 23–30 (3d ed. 2004) (outlining the history of the tort of passing off and how it slowly evolved to protect the importance of a proprietary right).

relief under tort law.<sup>120</sup> While registration of trademarks is possible in most if not all common law jurisdictions, it is usually considered more as “confirmation of title,” though one that typically broadens the scope of the holder’s rights.<sup>121</sup> Where registration for *intended* use is possible, it only creates inchoate rights (which may in some circumstances nonetheless be enforceable) because in common law systems rights in a trademark typically arise from use.<sup>122</sup> Prohibiting use (on products the sale of which is legal) may amount in principle at least to denying the possibility of obtaining and maintaining protection. To utilize the language of Article 20, prohibiting use is thus an “encumbrance.” Use is thus undeniably relevant under domestic law and affects the existence and scope of trademark rights.

In light of the foregoing analysis, it seems reasonable to conclude that Article 20 scrutiny does apply to measures that prevent trademarks from performing their functions considered as an encumbrance by special requirement. Article 20 contains a positive obligation on members of the TRIPS Agreement not to have laws that unjustifiably encumber the use of trademarks, as even those who have advocated a literal interpretation agree.<sup>123</sup>

Once it is concluded that a plain packaging measure is an encumbrance by special requirement and therefore falls within the ambit of Article 20, the next question is whether the “use of a trademark is . . . *unjustifiably* encumbered,” a matter that this Article discusses further in subparts IV.B, C, and D.

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120. See Wayne Covell, *Moove: The “Experiment” That Went Wrong*, 82 TRADEMARK REP. 341, 368–69 (1992) (explaining that registration statutes evolved from the tort known as passing off, which required a showing of deception that amounted to a misrepresentation and did not require registration).

121. See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1.75 (4th ed. 2013) (“[R]egistration in the U.S. does not create the trademark, the owner creates the underlying right though use in the marketplace. In the marketplace, consumers use the designation as a mark to identify and distinguish source. Registration adds additional rights to the trademark property that already exists.”). For example, while passing off is only actionable where the initial (or senior) mark was known and used, registration may allow the holder to sue users of infringing marks throughout the country or region where the mark is registered. Additional remedies (for example treble damages in U.S. law) may also be available for registered marks. *Id.* § 19.9.

122. Because of the difference in common law and civil law approaches, both are recognized in the TRIPS Agreement.

123. See Mitchell, *supra* note 46, at 418. He states, “Plain packaging is likely to fall within the scope of Article 20, because it constitutes a special requirement encumbrance.”

### B. Use and Article 20 in Context

The immediate<sup>124</sup> context of Article 20 is the other trademark provisions of the TRIPS Agreement and the relevant Paris Convention provisions incorporated into the TRIPS Agreement.<sup>125</sup> This Article takes the view, based on the analysis in the previous subpart, that Article 20 should not be read the same way if it stood by itself as the only provision dealing with trademarks in the TRIPS Agreement. Other provisions in the trademark section and in the TRIPS Agreement as a whole, as well as its status as a WTO agreement, inform its proper interpretation.

#### 1. Registration vs. Use

Article 15 of the TRIPS Agreement requires that members provide a system for registering trademarks. It does this through defining the scope of the subject matter of trademarks and some conditions of registrability. Article 15.4 of the TRIPS Agreement states that the “nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.” As such, measures preventing the registration of a trademark because it is used in relation to tobacco products would likely violate the TRIPS Agreement and Article 7 of the Paris Convention, which provides that the “nature of the goods to which a trademark is to be applied shall in no case form an obstacle to the registration of the mark.”<sup>126</sup>

Is an obligation to allow registration the full extent of the Paris Convention and TRIPS Agreement, or should more be said? The TRIPS Agreement does not provide a full trademark code. However, if read as an entire document while taking its object and purpose into account, it does provide guidance as to WTO members’ shared understandings of the policies and norms relevant to trademarks.<sup>127</sup>

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124. This Article says “immediate” because the context also includes the whole of the TRIPS Agreement, particularly Article 8, discussed in Part V below, and the context of the TRIPS Agreement as part of the WTO agreements, discussed in Part IV below. TRIPS Agreement, *supra* note 1, at art. 8; *see infra* Parts IV–V. These are also relevant to the object and purpose discussion required under VCLT rules.

125. TRIPS Agreement, *supra* note 1, at art. 2.1 (incorporating into the TRIPS Agreement parts of the Paris Convention).

126. Paris Convention, *supra* note 86, at art. 7.

127. The members shared understanding might also be described as the intention of the parties to the agreement. The VCLT method of interpretation is a set of rules that are a method of elucidating the intention of the parties. *See generally* Gardiner, *supra* note 5; VILLIGER, *supra* note 5, at 415–49 (commenting on the VCLT method). Importantly, the WTO has chosen the VCLT rules as the method of looking for the intention of the parties, such as looking at subjective approaches in the *travaux préparatoires* (preparatory works). Article 32 of the VCLT makes it clear that the



For instance, the function of trademarks can be understood by reference to Article 15.1, especially its first sentence, which refers to distinguishing goods and services of undertakings in the course of trade.<sup>128</sup> Trademark owners have an undeniably legitimate interest in preserving the distinctiveness, or capacity to distinguish, of their marks so that the trademarks can perform that function, a principle that finds an echo in Articles 15 and 20. This includes an interest in using their “own trademark in connection with the relevant goods and services” of their own and authorized undertakings and licensees.<sup>129</sup>

Some authors have said that there is no violation of Article 15 because plain packaging laws do not prevent registration of trademarks but only prevent their use.<sup>130</sup> That is literally true, but it is not the full picture. It may not fully deal with how Article 15 is relevant context for the interpretation of Article 20<sup>131</sup> and consequently is not what the WTO has in previous dispute settlement reports described as a holistic interpretation.<sup>132</sup> The purpose of registering trademarks is relevant context for a full and accurate VCLT interpretation of Article 20 (and Article 15). Although a trademark that is prohibited from being used on packaging can be registered, the real point is why would any trademark owner register, or maintain a registration of, a trademark that it cannot use? Even if, as some commentators have suggested, this sometimes occurs, it is

*travaux préparatoires* are relevant but not the prime interpretive tool. VCLT, *supra* note 5, at art. 32.

128. Article 15.1 of the TRIPS Agreement provides:

Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

TRIPS Agreement, *supra* note 1, at art. 15.1.

129. Panel Report, *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by the United States* ¶ 7.664, WT/DS174/R (Mar. 15, 2005) [hereinafter *European Communities Trademarks Panel Report*].

130. See *e.g.*, Voon & Mitchell, *Face Off*, *supra* note 94, 113–15 (arguing that “Article 15.4 . . . cannot be interpreted as preventing a Member from limiting or prohibiting the use of trademarks”).

131. If another article of the TRIPS Agreement was being interpreted, such as Article 16, then Article 20 would be relevant context to the interpretation of Article 16. See *supra* Part IV.C.

132. See *supra* Part III and in particular *supra* notes 84–85 and accompanying text (discussing the rules of interpretation).

not usual practice or indeed the object and purpose of Article 15 or the TRIPS Agreement. As discussed above, the purpose of the TRIPS Agreement regime is not to allow registration of trademarks simply for the sake of registration.<sup>133</sup> Trademarks are typically registered so that they can be used.<sup>134</sup> Put differently, it is relevant in an analysis guided by object and purpose to ask *why* the TRIPS Agreement gives trademark owners a right to access a registration system and rights against use by third parties to understand the trademark provisions of the TRIPS Agreement.

Further, Article 19.1 of the TRIPS Agreement provides that if “use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, *unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner.*” The article continues: “Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or *other government requirements for goods or services protected by the trademark*, shall be recognized as valid reasons for non-use.”<sup>135</sup> The combination of a (positive) *right to register* independently of the nature of the product (assuming that use of the product in commerce is legal) and of the maintenance of registration in spite of measures that may bar use of the trademark arguably point to—though admittedly not explicitly—those measures being of a *temporary nature*. Registration is maintained *because* use will start or resume at some point in the future. This interpretation is further supported—though only indirectly—by Article 21, according to which WTO members may not allow a *third party* not having the owner’s consent to use a trademark.<sup>136</sup>

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133. See *supra* Part III.

134. Trademarks are occasionally registered in some jurisdictions for other so-called defensive purposes, but those instances are minimal and also subject to challenge for non-use. See Yasuhiro H. Suzuki, *Navigating The “Land of Harmony” and Finding “Harmonization” for Foreign Trademark Applicants and Owners: A Japanese Practitioner’s Perspective*, 103 TRADEMARK REP. 519, 562 (2013) (describing the requirements for defensive mark registration).

135. See Appellate Body Report, *United States—Section 211 Omnibus Appropriations Act of 1998*, ¶¶ 190–95, WT/DS176/AB/R (Jan. 2, 2002) (acknowledging that Article 19.1 addresses situations when domestic legislation requires use of a trademark in order to maintain registration).

136. Article 21 provides:

Members may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.

TRIPS Agreement, *supra* note 1, at art. 21.

Because VCLT rules<sup>137</sup> require that the trademark section of the TRIPS Agreement provides context to understand and interpret Article 20, then the purpose of registration and the rules regulating the maintenance of registration are contextual arguments relevant to the interpretation of Article 20. To be clear, this Article does not suggest that recognizing why trademark owners register and maintain their registrations is itself a reason for saying trademark owners have *carte blanche* to use their trademarks or, in legal terms, some form of an absolute right to use. This Article's suggestion is that just because there is no explicit right to use in the TRIPS Agreement does not mean one can ignore TRIPS Agreement articles that provide context. This Article's conclusions on this point are simple: (a) the purpose of registration is an integral aspect of interpreting the TRIPS Agreement's provisions about trademarks; (b) the purpose and *acquis* of the TRIPS Agreement registration provisions and Paris Convention provisions incorporated into the TRIPS Agreement are to encourage the orderly use of trademarks in commerce; and (c) the rights of trademark owners are limited, but they make little sense if seen as mere rights to exclude. Use of marks is, to use a WTO analogy, like free trade. There is no full explicit right to trade freely in any WTO document, and there are real limits to a member's ability to trade freely with other members. Public health may justify restrictions to trade under GATT Article XX for example.<sup>138</sup> Yet, liberalizing trade (in order to increase trade) is the core normative underpinning of the WTO system and of the GATT before it.<sup>139</sup> Members do not negotiate tariffs or try to limit nontariff barriers just so that they can be registered on schedules.<sup>140</sup> Though the analogy is imperfect, the same may be said of use in trademark law. There is no explicit right to use, and members can impose limits on such use, but use of marks in commerce is the basis for trademark laws—unlike other intellectual property rights, in particular copyright and patents, which can be protected for their full term of protection (life of the author plus 50 years for copyright; 20 years from filing for patents) without any use of the copyrighted work or patented invention.<sup>141</sup> The first sentence of Article 20 demonstrates that trademarks are normally used in commerce.<sup>142</sup> Otherwise, there would be no need to limit the power of WTO members to “encumber” such use.

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137. See VCLT, *supra* note 5, at art. 31.1.

138. See SCHOENBAUM & MATSUSHITA, *supra* note 3, at 920–21 (examining the extent to which Article XX(b) protects health).

139. See *id.* at 1–3 (noting that the GATT was created to lower tariffs).

140. *Id.*

141. See *infra* note 178.

142. See TRIPS Agreement, *supra* note 1, at art. 20 (“The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such

## 2. Exclusive Rights

Another element of Article 20's context is Article 16, which sets out trademark owners' exclusive rights against infringers.<sup>143</sup> As just mentioned, the absence of an explicit right to use a trademark only tells part of the story—namely, that there evidently is no absolute right to use, but that is far from a complete answer. First, the nature of property is such that it often utilizes the framework of rights to exclude in order to give parameters to what the property owner and others may or may not do.<sup>144</sup> Indeed, the ability to exclude others from the property is frequently a touchstone of what makes something property.<sup>145</sup> Second, the absence of an explicit right to use is a feature common to most property rights, whether the property is intellectual, personal, or real property.<sup>146</sup>

The absence of an express statement in the TRIPS Agreement of a right to use has given rise to two simple but incorrect arguments about the TRIPS Agreement's interpretation. Broadly those arguments are:

-All trademark rights and interests must be expressed in the text of the TRIPS Agreement. If they are not so expressed they must be implied. They cannot be implied so they do not exist.<sup>147</sup>

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as . . . use in a manner detrimental to its capability to distinguish the goods or services of one undertaking from those of other undertakings.”).

143. See *id.* at art. 16 (describing the right of an owner to prevent unauthorized use of a trademark).

144. See generally Lyria Bennett Moses, *The Applicability of Property Law in New Contexts: From Cells to Cyberspace*, 30 SYDNEY L. REV. 639, 641 (2008) (giving a useful summary of the many meanings of property).

145. The ability to exclude others is a core feature of what makes property. Some scholars argue that the right to exclude is a defining feature of property. Carol Rose describes exclusion as the paradigm example of property. See Carol M. Rose, *The Several Futures of Property: Of Cyberspace and Folk Tales, Emission Trades and Ecosystems*, 83 MINN. L. REV. 129, 145 (1998). An ability to exclude is not absolute. There are many possible examples, such as in many jurisdictions customers cannot be excluded from shops on racial grounds. There is some considerable debate about the limits of exclusion as a touchstone of property law. See generally GREGORY S. ALEXANDER & EDUARDO M. PEÑALVER, AN INTRODUCTION TO PROPERTY THEORY 130–55 (2012).

146. See discussion *infra* note 171.

147. See, e.g., Davison, *supra* note 94, at 85–90 (stating that the right to use a trademark is not implied); see also Mark Davison, *Plain Packaging of Tobacco and the “Right” to Use a Trademark*, 34 EUR. INTELL. PROP. REV. 498, 499 (2012) (rejecting arguments that there is a right to use).

-Because trademarks' exclusive rights can be characterized as negative rights, there can be no positive rights of trademark owners at all, including to use.<sup>148</sup>

While it is correct that an interpreter of the TRIPS Agreement, or any international agreement, should not add to the text of it,<sup>149</sup> the problem with the first argument is that it seems to ignore the treaty interpretation rules of the VCLT in that it applies a literal, or black letter law, interpretation in complete isolation from context and object and purpose. In some instances, those analyzes may end up at the same place, but not always. What matters here is the interpretive process. This is one reason why international treaty interpretation rules are so important: if such rules are ignored, the rules-based system risks its very legitimacy.

The TRIPS Agreement is an international agreement setting out minimum standards that must be enacted in domestic law.<sup>150</sup> Applying the customary rules of treaty interpretation, it should be interpreted as such. Put differently, the TRIPS Agreement is not a domestic law statute, and, therefore, one should expect that it is less detailed than a domestic statute.<sup>151</sup> If express words are missing from a minimum standards treaty, then the absence of express words should not be used to defeat the object and purpose of the treaty. Interpretation of ordinary meaning under the VCLT does not allow reading in words where they do not exist, but it does require interpretation in light of the context and object and purpose of the treaty.<sup>152</sup> That requires more than an exclusively literal interpretation of individual parts of the TRIPS Agreement.

The problem with the second line of argument is that its simplicity ignores property law and theory in two key ways. First, the

148. See, e.g., Voon & Mitchell, *Face Off*, *supra* note 94, at 234–36 (“Thus, trademark rights are negative rights: ‘rights to exclude rather than rights to use.’” And “[a] footnote to this statement confirms that ‘Article 16.1 of the TRIPS Agreement only provides for a negative right to prevent all third parties from using signs in certain circumstances’.” (citing Panel Report, *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by Australia*, WT/DS290/R (Mar. 15, 2005)) [hereinafter Australia Panel Report]). This is not a matter of mere semantics or a happy coincidence (from the perspective of the government of Australia and like-minded countries) when it comes to applying the TRIPS Agreement to plain packaging: the TRIPS Agreement generally frames trade mark and other IP rights as negative rights precisely to allow Members to pursue legitimate non-IP-related public policies such as promoting public health.”).

149. See *supra* note 80 and accompanying text.

150. See TRIPS Agreement, *supra* note 1, at art. 1.1 (stating such a purpose).

151. The TRIPS Agreement provides the minimum standard that countries enact in their laws. The details of enactment in national legislations are left to the country to decide, provided the minimum standard is met. *Id.*

152. See VCLT, *supra* note 5, at art. 31 (“A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context in the light of its object and purpose.”).

notion of negative rights (that is, the right to exclude others) is predominantly a definitional methodology of delineating property rather than a substantive means of defining what the owner of property may or may not do with the property.<sup>153</sup> Second, there is an inseparable relationship between rights to exclude (negative) and legitimate interests (positive).<sup>154</sup>

In light of the above analysis, to argue, as some have done, that the legitimate interests of trademark owners are exactly the same as, and limited to, the Article 16 rights granted in the TRIPS Agreement—thereby excluding any legally cognizable interest in using their trademark—strikes the authors as unconvincing.<sup>155</sup> In sum, trademark rights matter in the plain packaging debate. The debate is more nuanced and complex than the simple (and in this Article's view inaccurate) suggestion that because trademark owners' rights against third parties are generally expressed as (negative) rights to exclude, trademark owners do not have legitimate and legally relevant interests<sup>156</sup> to use their trademarks beyond registration. This Article now looks deeper into the negative-rights argument.

### C. *The Negative-Rights Argument in Context*

The rights in Article 16 make sense in light of their object and purpose—that is, when seen teleologically as allowing for the orderly use of trademarks in commerce.<sup>157</sup> This seems fairly obvious—How else would a consumer be confused if the legitimate owner does not use the trademark at some relevant point in time? As discussed

153. See *infra* Part IV.C.

154. See *infra* Part IV.C.

155. See Mark Davison & Patrick Emerton, *Rights, Privileges, Legitimate Interests, and Justifiability: Article 20 of TRIPS and Plain Packaging of Tobacco* (forthcoming 2013), available at [www.papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2322043#](http://www.papers.ssrn.com/sol3/papers.cfm?abstract_id=2322043#)!. Davison and Emerton take issue with this Article's use of "legitimate interests". At page 12 they acknowledge that the phrase "legitimate interests" is used in the TRIPS Agreement, but they equate the TRIPS Agreement usage to only mean what Article 16 protects. They state, "[T]here may be a legitimate interest in using a trademark" and seek to distinguish this from a "legitimate interest to use a trademark." *Id.* (relying on JOSEPH RAZ, *THE MORALITY OF FREEDOM* 182 (1986)). First, aspects of Raz's overall approach are contested. For example, see Jeremy Waldron, *Autonomy and Perfectionism in Raz's Morality of Freedom*, 62 S. CAL. L. REV. 1097 (1988–1989). Second, the recognition of legitimate interests that fall short of an absolute right (this Article's analysis) is perfectly consistent with Raz's view. Finally, as noted, this Article discusses property because it shows the negative-rights label neither fully addresses nor effectively answers the plain packaging issues because, as noted above, commentators have suggested it does. See *supra* note 148. See also discussion *infra* notes 171–72 and accompanying text.

156. This Article uses the phrase *legitimate interests* as it mirrors the TRIPS Agreement. TRIPS Agreement, *supra* note 1, at art. 17; see *infra* Part IV.D.

157. See *infra* Part IV.C.2.

above, this Article contends that people do not register trademarks to obtain a certificate from a government; they register them because they are using the trademark in commerce (or intend to) and will then need to maintain order.

This Article also suggests that trademark rights are best viewed as a continuum. At one end of the spectrum would be an almost absolute positive right to use a protected mark in any context, an approach that is unrealistic and that this Article squarely rejects. At the other end of the spectrum is a total ban on the use of a mark. At that point, the (negative<sup>158</sup>) rights to exclude third parties are essentially irrelevant because (a) even the legitimate owner of the mark cannot use his or her own mark; and (b) a third party using the mark in relation to the relevant goods or services would also be violating the government-imposed ban.

Looking at Section 2 of Part II of the TRIPS Agreement structurally, Article 16 provides the rights that the trademark owner has against third parties that use his or her mark without authorization, including counterfeiters.<sup>159</sup> Those rights are by no means absolute. For example, they are limited by the need to show consumer confusion.<sup>160</sup> Moreover, Article 17 allows WTO members to limit trademark owners' rights, particularly the rights contained in Article 16 (themselves already limited by the need to show confusion or deception). It also points clearly to the need to take account of the legitimate interests of trademark owners.<sup>161</sup> As discussed below, if all that was meant by *legitimate interests* was the express rights in Article 16, then Article 17 would likely have said so. Instead it uses the phrase *legitimate interests*.

Articles 19 and 20 then provide limits on government-imposed use restrictions. Under Article 19.1, a ban on use cannot be used to cancel a registration, signaling that the ban may well be temporary.<sup>162</sup> Indeed, that is precisely why a trademark owner would want to maintain the registration. Then Article 20, which was examined in Part IV.A and Part IV.B, limits certain encumbrances. It lists three examples of such *prima facie* unjustified encumbrances by

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158. The reason that Article 16 rights can be labeled as providing for negative rights is because they are expressed as "exclusive right[s] to prevent all third parties . . ." TRIPS Agreement, *supra* note 1, at art. 16.

159. *Id.*

160. *See infra* note 164.

161. *See infra* Part IV.D.

162. *See* TRIPS Agreement, *supra* note 1, at art. 19.1 ("Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use.").

special requirement.<sup>163</sup> It is thus not unreasonable to examine encumbrances with this as the contextual backdrop.

For now, this Article turns to the various rights in Article 16. It will return to the legitimate interests and Article 17 in the next subpart.

1. "Rights Conferred," Article 16.1, 16.2, and 16.3

Article 16 as a whole is entitled "Rights Conferred." Article 16.1 sets out the minimum standards for actionable infringement of registered trademarks that members of the TRIPS Agreement must include in their domestic laws.<sup>164</sup> It is worth remembering that the plain packaging issue is not a third-party-trademark-infringement issue of the kind set out in Article 16. While it is not directly applicable to the issue of what amounts to unjustifiably encumbered, Article 16 is relevant context, however, for the interpretation of Article 20.

From a country's standpoint, Article 16, or indeed any part of the TRIPS Agreement, is not a complete code;<sup>165</sup> it is a set of minimum standards that must be enacted in domestic law.<sup>166</sup> Therefore, when domestic regimes implement these minimum standards, they add to the exact words of the TRIPS Agreement in order to make the law function.<sup>167</sup> This does not change the nature of the international

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163. *Id.* at art. 20.

164. Article 16.1 reads:

The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

*Id.* at art. 16.1.

165. But as discussed above, this does not mean that the object and purpose of the treaty cannot be gleaned from trademark policy and the shared understanding of members of the treaty.

166. See TRIPS Agreement, *supra* note 1, at art. 1.1 (clarifying that the TRIPS Agreement does not create law for member nations).

167. This is exactly why domestic laws give property rights to use a trademark and how that use is governed. See, e.g., *Trademarks Act 1995* (Cth) s 20 (Austl.) (providing that owners of registered trademarks have the exclusive right to use their trademarks and to authorize other persons to use them). Each trademark was personal property and each trademark owner could deal with its mark as the absolute owner. *Id.* at ss 21(1), 22. Equities in relation to each trademark could "be enforced against the registered owner, except to the prejudice of a purchaser in good faith for value." *Id.* at s 22(3). Each trademark owner could authorize others to use its mark. *Id.* at s 26.



obligation as a minimum standard, but it indicates that a purely literal reading of the provision may not give the full picture. In part, that is why context and object and purpose are also part of the VCLT method of interpretation.<sup>168</sup>

The essence of the negative-rights argument is that because trademark owners' Article 16 exclusive rights are rights to exclude, there is no right to use the trademark.<sup>169</sup> Therefore, part of this argument is that Article 17 is not directly relevant to plain packaging.<sup>170</sup> As discussed previously, whether or not both Articles 16 and 17 are directly applicable, they are part of the context, which is critical to a correct VCLT interpretation of Article 20. The proponents of the negative-rights argument do not give full, if any, weight to these aspects of context, and, consequently, when discussing Article 20, they seem to effectively dismiss any role for legitimate interests of trademark owners.

This beguilingly simple interpretation of trademark rights being wholly negative in nature appears to ignore a wealth of literature and theory about the nature of property, the meaning of ownership, the meaning of rights to exclude, and even the specific notion of negative

168. VCLT, *supra* note 5, at art. 31.

169. Henning Grosse Ruse-Khan, Conference Presentation, Society of International Economic Law Conference 2012, Singapore (July 12–14, 2012); see Henning Grosse Ruse-Khan, *Assessing the Need for a General Public Interest Exception in the TRIPS Agreement*, in *INTELLECTUAL PROPERTY RIGHTS IN A FAIR WORLD TRADE SYSTEM: PROPOSALS FOR REFORM OF TRIPS* 167, 197 (Annette Kur ed., 2011) (providing the negative-rights argument that IP protection “does not grant a positive monopoly or guarantee to exploit the protected subject matter”); Voon & Mitchell, *Face Off*, *supra* note 94, at 233–36 (“[T]rademark rights are negative rights . . .”); Voon & Mitchell, *Implications of WTO Law for Plain Packaging of Tobacco Products*, *supra* note 94, at 115–19 (arguing that the limitations of Articles 16 and 17 are a grant of negative rights); Simon Evans & Jason Bosland, *Plain Packaging of Cigarettes and Constitutional Property Rights*, in *PUBLIC HEALTH AND PLAIN PACKAGING OF CIGARETTES: LEGAL ISSUES* 51–52 (Tania Voon et al. eds., 2012) (acknowledging the positive nature of Article 20).

170. See Mitchell, *supra* note 46, at 417. As Mitchell says:

TRIPS Article 17 reads that ‘Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.’ . . . However, the Article 17 exception is not even engaged when read in the context of Article 16. Article 17, titled ‘Exceptions’, refers to ‘exceptions to the rights conferred by a trademark’. Article 16 governs the rights to be conferred by a trademark. As stated above, these rights do not grant a positive right to use a trademark, only a negative right to stop others from using it. Accordingly, plain packaging of tobacco products cannot fall within the scope of Article 17 as an exception to a right to use a trademark since no such right is conferred with a trademark.

Although, as discussed TRIPS Agreement, *supra* note 94, Mitchell acknowledges a positive obligation of some kind.

rights.<sup>171</sup> There is a leap in logic from saying that because Article 16 frames certain rights as exclusive rights against infringement (negative rights), *therefore* trademark owners have no rights to use (positive rights). For one thing, as noted above, they have a right to apply to register (subject to meeting requirements). This (positive) right is there for a reason, which the context easily explains: trademark owners register a mark to use it and maintain orderly use in commerce.

Commentary about rights to exclude and what they entail arise in different legal contexts, including constitutional law,<sup>172</sup> property law, and contract law<sup>173</sup> to name a few. Most relevant here is property law.<sup>174</sup> It is the essence of a trademark right that it should

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171. See generally *supra* note 1 (citing language in the TRIPS Agreement that implies a negative right). There is a considerable literature about the nature of property and how it is defined. A key theme is how to define ownership. One school of thought is that ownership is a bundle of rights. See, e.g., BRUCE ACKERMAN, *PRIVATE PROPERTY AND THE CONSTITUTION* 26–27 (1977) (“The real question for the law—Scientifically understood—is not to identify ‘the’ rights of ‘the’ property owner through some mysterious intuitive process but to determine in whose bundle one or another right may best be put.”); see also James E. Penner, *The “Bundle of Rights” Picture of Property*, 43 U.C.L.A. L. REV. 711, 712 (1996). Another approach is that the ability to exclude is the touchstone of property. See, e.g., Rose, *supra* note 145, at 145 (asserting the importance of exclusion to the concept of property). Advocates of the exclusion school seem to reject the bundle of rights explanation. See, e.g., Thomas W. Merrill & Henry E. Smith, *What Happened to Property in Law and Economics*, 111 YALE L.J. 357, 357–58 (2001) (analyzing the either-or arguments of legal scholars concerning the two conceptions of property rights). An alternative view is not to define property by the ability to exclude but by the rules of governance of ownership. See Henry E. Smith, *Exclusion Versus Governance: Two Strategies for Delineating Property Rights*, 31 J. LEGAL STUD. S453–57 (2002). Others argue that the ability to exclude does not define the ambit of the property owners’ rights. It explains third parties’ exclusion but not the meaning of ownership. See Larissa Katz, *Exclusion and Exclusivity in Property Law*, 58 U. TORONTO L.J. 275, 277–79 (2008) (asserting that exclusivity is a part of ownership but is not the entirety of ownership rights).

172. In the constitutional context, this is usually about states’ duties to facilitate rights. See, e.g., David P. Currie, *Positive and Negative Constitutional Rights*, 53 U. CHI. L. REV. 864, 864–65 (1986) (explaining the constraints of the government’s affirmative duties under the constitution); Michael Gerhardt, *The Ripple Effects of Slaughter-House: A Critique of a Negative Rights View of the Constitution*, 43 VAND. L. REV. 409, 414 (1990) (“The debate over the significance of the distinction between positive and negative rights is part of the even larger debate on the proper relationship between the federal and state governments with respect to each other and to individual liberties.”).

173. See, e.g., Elisabeth Peden, *Incorporating Terms of Good Faith in Contract Law in Australia*, 23 SYDNEY L. REV. 222, 227 (2001) (describing a contract dispute that implicated the rights of a property owner and a tenant).

174. The line between the positive and the negative is not bright, rather the ambit of the positive and the negative overlap. Perhaps more fundamentally, however, the leading property theorists do not discuss property in these terms. The *right to exclude* or *exclusion rights* is the usual terminology.

be used in trade.<sup>175</sup> Use in commerce is the normative underpinning of the Paris Convention and the TRIPS Agreement.<sup>176</sup> The TRIPS Agreement provides (as does the Paris Convention with respect to well-known marks in Article 6*bis*) a right to exclude, the purpose of which is to reserve that space for use by the trademark owner or by others with the trademark owner's consent.<sup>177</sup> That is the essence of trademark law and of the right to exclude in property law more generally.<sup>178</sup>

The key question is—Does the right to exclude give the owner of the exclusion a right to anything else? Using Wesley Newcomb Hohfeld's terminology, from exclusion arise "privileges."<sup>179</sup> The property right should be seen as a combination of both exclusion and privilege if one is to understand the veritable purpose of property rights.

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175. See Ferguson, *supra* note 112, at 224 (explaining that a trademark is "a common law right acquired through use in commerce").

176. *Id.*

177. See DANIEL GERVAIS, JAPAN TOBACCO INT'L, ANALYSIS OF THE COMPATIBILITY OF CERTAIN TOBACCO PRODUCT PACKAGING RULES WITH THE TRIPS AGREEMENT AND THE PARIS CONVENTION 9 (Nov. 30, 2010), available at <http://www.smoke-free.ca/trade-and-tobacco/Resources/Gervais.pdf> (arguing that trademarks create negative rights and not positive rights). That report was criticized. For a response to some of the comments, see Daniel Gervais, *Plain Packaging and TRIPS: A Response to Professors Davison, Mitchell and Voon*, 23 AUSTR. INTELL. PROP. J. 96–110 (2013).

178. The situation may be different for copyright and patents. This Article does not conduct a full analysis of that point here but notes the following. As previously discussed, much property is delineated by rights to exclude. This includes patents. Indeed, international discussions on an obligation to work a patent failed to reach consensus and many patents are issued and used to block competitors (blocking patents). See Gail E. Evans, *Review of Peter Drahos' The Global Governance of Knowledge: Patent Offices and Their Clients*, 33 EUR. INTELL. PROP. REV. 63, 63 (2011) (book review).

Copyright protects unpublished works, and authors have no obligation to make works available. It would still be a useful right if a copy of the work was published (because it was shared with a friend, stolen, etc.). In both cases, a pure right to exclude makes sense in context. For example, the Berne Convention has specific rules concerning unpublished works. See Berne Convention for the Protection of Literary and Artistic Works art. 9(2), Sept. 9, 1886, as last revised July 24, 1971, amended Sept. 28, 1979, S. Treaty Doc. No. 99-27, 828 U.N.T.S. 221.

The point is that trademarks are different because it is use in commerce by others likely to cause confusion that is targeted by the right(s), which in turn makes sense if the mark is actually used by its owner.

179. Wesley Newcomb Hohfeld, *Some Fundamental Legal Conceptions as Applied in Judicial Reasoning*, 23 YALE L.J. 16, 21 (1913). Others may use liberties rather than privileges. See A. M. Honoré, *Ownership*, in OXFORD ESSAYS IN JURISPRUDENCE 107, 113 n.1 (A. G. Guest ed., 1961) (describing property rights as a group of privileges). For discussion of liberty and private property, see generally JEREMY WALDRON, *THE RIGHT TO PRIVATE PROPERTY* 290 (1988) (highlighting the connection between private property and liberty).

Some property theorists advocate the "bundle of rights" approach. Others say the bundle of rights does not explain enough. It does not explain what can be done with those rights. It seems that some commentators who say the trademark rights in the TRIPS Agreement are limited to the exact words of Article 16 favor a limited bundle of rights approach (i.e., any benefit the trademark owner has from Article 20 is not in the bundle). This Article does not rest on the premise that a proper survey of trademark law requires the resolution of that grand property debate. Property law is used in this Article to show that the negative-rights argument cited in the literature is not the whole story. Property theory advocating a bundle of rights approach does not explain much about trademark rights in fact. It does not explain the legitimate interests that trademark owners have in the use of their marks. To utilize property language, the area of privilege that is found as a result of trademark owners' exclusive rights is where trademark owners use their mark. They have a legitimate interest in doing so.

In trademark law, one could also talk of privileges, not just rights. This is relevant to the phrase *legitimate interests*, the expression used in the TRIPS Agreement.<sup>180</sup> Under this Article's continuum perspective, Hohfeldian privileges in which the property owner might claim legitimate interests are somewhere between the two extreme (all or nothing) approaches outlined above. In the authors' view, the TRIPS Agreement's acknowledgement of trademark owners' legitimate interests is more than a prohibition of third parties from using the marks. If Article 17's use of *legitimate interests* was intended to mean only the phrase *exclusive rights* or an equivalent, then Article 16 language would have been chosen over *legitimate interests*. A legitimate interest can coexist with a right of course, but it is a broader notion. That is, a right is a legitimate interest, but not all legitimate interests are rights.

The real crux of the matter is how far do those interests go? Can those interests be eroded (not by breaching the right to exclude) by the state determining rules about the space in which the privilege operates?<sup>181</sup> Here there are some useful parallel discussions in real

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180. In this continuum, privileges and legitimate interests are somewhere in between the two extremes of the all or nothing approaches that are outlined above. While exclusion purists might disagree, in the authors' view legitimate interests are more positive than privileges. By stating that trademark owners have legitimate interests, the TRIPS Agreement thus says more than that third parties cannot interfere with use by the owner. A legitimate interest can coexist with a right—that is, a right is a legitimate interest, but not all legitimate interests are rights.

181. States have the power to regulate, but they also sometimes agree to limit national autonomy through international agreements. This leads to constitutional concerns about when the state must compensate for such regulatory takings. See discussion *infra* Part IV.C.2 (discussing the Australian constitutional dispute).

property law. Of course real property and intellectual property are not the same, but the notion of exclusive rights and their boundaries pervade all areas of property law.<sup>182</sup> Where it is used, the terminology of positive and negative rights is useful as a definitional tool rather than lending any explanation about the substance of the right.<sup>183</sup> The UK Law Commission in its review of easements, for example, concluded that whether an easement<sup>184</sup> is positive or negative depends on substance, not form.<sup>185</sup>

The main reason that rights to exclude are necessary is so that those who use or want to use property are able to determine who “has what”<sup>186</sup> and whose consent is needed to use the property in any particular circumstance.<sup>187</sup> Alternatives to exclusion rights terminology in this context are positive rights, “specific use rights,” or

182. Intellectual property may have adopted the negative-rights terminology from real property. Many property lawyers, however, do not use the terminology of negative rights. Rather, they use the terminology of rights to exclude.

183. See *JT Int'l SA v Commonwealth* [2012] HCA 43 ¶ 37 (Austl.) (“Plainly, not all property rights are defined only by rights of exclusion. In law the term ‘property’ generally refers to ‘a legal relationship with a thing’ and in many cases is helpfully described as ‘a bundle of rights.’”).

184. The U.K. L. COMM’N, EASEMENTS, COVENANTS AND PROFITS À PRENDRE: A CONSULTATION ANALYSIS ¶ 1.8 (Consultation Paper No. 186, 2008) defines an easement as

a right enjoyed by one landowner over the land of another, both plots usually being in close proximity. A positive easement allows a landowner to go onto or make use of some installation on his or her neighbour’s land. This could be a right of way providing access (vehicular or pedestrian). It could be a right to install and use a pipe or a drain. A negative easement is essentially a right to receive something from land owned by another without obstruction or interference. The law recognizes as negative easements the right of support of buildings from land (or from buildings), the right to receive light through a defined aperture, the right to receive air through a defined channel and the right to receive a flow of water in an artificial stream.

185. See *id.* ¶ 7.20 (“The question whether a particular obligation is positive or restrictive [in terms of covenants] is one of substance rather than form. For example, a covenant not to allow trees to grow above a certain height, although worded in a negative way, is nevertheless a positive covenant because it requires the covenantor to take positive action to comply.”). One might justifiably ask what relevance easements have to trademarks. The answer is not very much at all, but the importance is the illustration of the interplay of negative- and positive-rights terminology. *Id.* ¶ 15.1. In the easement context, there can be a positive right to make use of a neighbor’s land. Examples include to walk or drive across it or to install and use a drain. A negative easement is to receive something from a neighbor’s land without that neighbor obstructing or interfering with it, such as “a right of support of buildings from land (or from buildings), a right to receive light through a defined aperture, a right to receive air through a defined channel and a right to receive a flow of water in an artificial stream.” *Id.*

186. Rose, *supra* note 145, at 131.

187. Moses, *supra* note 144.

a governance strategy.<sup>188</sup> Specific use rights certainly exist in property law, but they are often not the definitional framework because either they are too absolute or they leave too many gaps.<sup>189</sup> If a property owner's rights are not defined as rights to exclude others from the property, laws affecting the property might be harder to make without expressly calling them exceptions to owners' rights. If the rights of property owners were defined in a positive list, then gaps would potentially arise or there would be costs of governance, whereas the right to exclude others from property avoids these sorts of problems.<sup>190</sup> In an exclusion approach to property, the owner acts as a gatekeeper and may have the privilege to use the property without the exact details of the privilege necessarily being defined.<sup>191</sup> The law does not give unrestricted control to any property owner, but just because rights to exclude define the property that does not mean there is not a right to use.<sup>192</sup> There certainly seems to be a legitimate interest in using one's property.

Terminological fog may be masking what is at bottom a fairly clear point. That point is that because the main parameters of trademark ownership are framed as rights to exclude does not mean that there are no legitimate interests relating to the property in question. Put differently, the label *negative rights* neither fully encapsulates nor determines the full scope of the "right" or the "contours of an owner's position."<sup>193</sup> Rather, the right's scope is determined by what the right in fact is.

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188. Henry E. Smith, *Intellectual Property as Property: Delineating Entitlements in Information*, 116 YALE L.J. 1742, 1747 (2007).

189. The ability for the state to "take" property varies from jurisdiction to jurisdiction, and whether such actions are so-called takings is of course a complex question with answers that vary between jurisdictions. But if property is absolute, all regulations would be an incursion on property rather than the recognized lawmaking power of government.

190. See Smith, *Exclusion Versus Governance*, *supra* note 171, at S468–69 (examining the relative costs between governance and exclusion schemes). House ownership is illustrative. One says a person owns a house, but the legal rights are defined by rights of exclusion (negative rights). The right to exclude others from property may in effect give the positive right to occupy (possess) that property. There will be jurisdictional differences about how property rights are detailed. Even given such jurisdictional differences, in many and particularly common law jurisdictions, owning a house means that the owner has a negative right to exclude others from the house in question and a positive right to occupy the same house, but that right to occupy is not absolute. One of the reasons for this is to enable laws about what can be done on a property in, for example, a residential area.

191. See *id.* (noting that an owner is not limited in use through an exclusion measurement regime).

192. See Merrill & Smith, *supra* note 171, at 361 (recognizing that "[m]odern commentators have justifiably criticized the suggestion . . . that property rights are absolute"); see also THOMAS W. MERRILL & HENRY E. SMITH, *PROPERTY* (2010).

193. Katz, *supra* note 171, at 285.

The better analysis, therefore, is what the functions of the rights are and what interests flow from those rights. Such an approach recognizes that the interpretation of the TRIPS Agreement must be via the ordinary meaning of the terms, but not the ordinary meaning alone; the meaning in light of context and object and purpose of the agreement.<sup>194</sup> This is the “holistic” approach mandated by the VCLT.<sup>195</sup>

A trademark owner has the right to exclude others from use of the trademark and a right to register the mark.<sup>196</sup> A trademark owner, therefore, has in principle the ability and interest (but not necessarily the right) to use the trademark in circumstances where others do not. In fact, if the trademark owner does not use the trademark, the TRIPS Agreement provides that members’ laws can have rules for removal from the register for non-use.<sup>197</sup> Then, if a trademark owner does use a trademark, the rights increase in strength.<sup>198</sup>

Use of a trademark is relevant for another reason: it directly affects the scope of the rights therein. Under Articles 16.2 and 16.3, and also in the earlier text of Article 6*bis* of the Paris Convention, the more a trademark is known, which can only happen through some form of use, the larger is its ambit of protection.<sup>199</sup> Those provisions reflect a well-accepted principle in trademark law. The Court of Justice of the European Union explained the rationale for this in *L’Oréal v. Bellure*:

[T]he stronger that mark’s distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them.<sup>200</sup>

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194. As discussed *supra*, these are the requirements of Article 31 of the VCLT. VCLT, *supra* note 5, at art. 31.

195. *Id.*

196. TRIPS Agreement, *supra* note 1, at art. 16.

197. *See id.* at art. 19 (“If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use.”).

198. *See infra* note 200 and accompanying text.

199. *See* TRIPS Agreement, *supra* note 1, at arts. 16.2–16.3 (“In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public. . . .” (citing Paris Convention, *supra* note 86, at art. 6*bis*)).

200. Case C-487/07, *L’Oréal SA v. Bellure NV*, 2009 E.C.R. I-5185, ¶ 44 (citing Case C-252/07, *Intel Corp. v. CPM United Kingdom Ltd.*, 2008 E.C.R. I-8823, ¶¶ 67–69); *see also* European Communities Trademarks Panel Report, *supra* note 129, ¶ 7.664.

Intuitively, if a well-known mark ceases to be used (remembering that it became famous not because it was registered but rather because it was used extensively), then it seems fair to surmise that it may lose its well-known status and rights under Article 16.3. A total or partial encumbrance under Article 20 should thus be informed by Article 20's immediate context (here, Section 2 of Part II of the TRIPS Agreement). The mark that is encumbered has a scope of protection that depends on its use and that is arguably at least equal to the scope that is protected under Article 20. In other words, Article 20 protects a trademark from certain encumbrances *as that mark is*. An argument could thus be made that unless required to achieve its public health objective, a trademark-restrictive measure should allow the mark to continue to be used to maintain its well-known status, something that the proposed EU directive may do (for certain trademarks at least),<sup>201</sup> but not the Australian statute.<sup>202</sup> WTO members implementing plain packaging measures (as recommended in the Guidelines) should consider obligations under the TRIPS Agreement and other legal instruments. The EU example shows that different policy approaches and outcomes are possible.<sup>203</sup>

Therefore, the registration of a trademark arguably reflects a legitimate interest of the trademark owner to use the trademark in accordance with the TRIPS Agreement. It also gives rise to the possibility that the trademark has other features associated with property. For example, the trademark can be alienated.

In determining the contours of the legitimate interest in using a mark as context to understand the trademark section of the TRIPS Agreement, one could, and perhaps should, distinguish a right to use existing property from the right to use a totally new mark and the effect non-use may have on the mark's value in each case. Articles 16.2 and 16.3 recognize that certain marks have high(er) value and aimed to protect such value. Those marks are typically well-known because they have been in use for years and the subject of massive promotional investments. An Article 20 interpretation consistent with this reveals not a full right to use per se but the assumption that a mark would be in use (otherwise why protect use against encumbrances?). Again, this is not a right to use writ large because that would entail a right for a person to begin using a new mark. However, a serious encroachment on an *existing mark* (that is, one that is in use), especially a well-known one, might, as the property

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201. *Presentation and Sale of Tobacco and Related Products*, *supra* note 59, at 7. Of course, this would also depend on actual implementation because the proposed text does not guarantee a minimum space for the mark(s) to be displayed. The draft directive bans the use of marks deemed misleading but may ban the use of certain other marks.

202. See *supra* notes 34–35 and accompanying text.

203. See *supra* note 59 and accompanying text.



analysis above demonstrates, be considered separately from the use of a new mark. To that extent, a limited or qualified positive right in that mark may be said to exist in the TRIPS Agreement.<sup>204</sup>

## 2. The Constitutional Property Case in Australia

The negative-rights arguments received some discussion in the decision of the High Court of Australia (the High Court) as to whether the Australian plain packaging legislation amounted to a constitutional violation.<sup>205</sup> The constitutional arguments are not relevant to TRIPS Agreement interpretation, but the approach in that case to the negative-rights argument generally may be of some relevance. The central issue of that case was whether there had been an acquisition of property that, under the constitution, needed to be compensated on just terms (a regulatory expropriation).<sup>206</sup> The negative-rights argument in that context, and more generally in domestic law, is a way of arguing that no property has been taken or acquired. That is not the TRIPS Agreement violation argument. Therefore, this Article will not discuss the details of Australian, or other jurisdictions', regulatory expropriation laws. However, the negative-rights argument is not an answer to whether trademark owners' legitimate interests under domestic law have been affected. An argument that there is no legitimate interest in trademark use (or other rights, such as assignment) because infringement rights are rights to exclude is not sustainable given the whole picture under domestic law, particularly when trademarks are termed property

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204. As Advocate-General of the of Court of Justice of the European Union explained in Case C-561/11, *Fédération Cynologique Internationale v. Federación Canina Internacional de Perros de Pura Raza*, 2013 E.T.M.R. 23, ¶ 38, n.23 (CJEU AG Mengozzi):

Legal writers have, however, pointed out that this 'exclusive right' embraces not only the negative right set out in the provision—the *jus excludendi*—consisting in the right to prohibit third parties from using a sign that is similar or identical, but also the positive right, that is to say the right actually to use that sign, namely, the *jus utendi*, which may also be exercised by licensing use of the trade mark.

205. The argument was that the Tobacco Plain Packaging Act 2011 would affect an acquisition of property on "other than just terms" contrary to the guarantee provided by s 51(xxxi) of the Australian Constitution. *JT Int'l SA v Commonwealth* [2012] HCA 43 ¶ 2 (Austl.). Interestingly, in *JT Int'l SA v Commonwealth*, Justice Gummow found there had been an impairment (¶ 138) amounting to a "taking" (¶ 141) but not an acquisition and therefore not a constitutional violation (¶¶ 144–54). *But see JT Int'l SA* [2012] HCA 43 ¶¶ 210–12 (Heydon, J., dissenting) (arguing that the plan effected an unconstitutional taking of property).

206. This is an argument that finds its legal basis in the Australian Constitution. AUSTRALIAN CONSTITUTION s 51(xxxi) (providing that the acquisition of property must be "on just terms").

rights. The point is that trademark interests are affected even if there is no property rights remedy.<sup>207</sup>

Although in the High Court decision no constitutional violation was found, several of the High Court judges agreed that the trademark interests had been affected.<sup>208</sup> Indeed, this seems hard to dispute. It is the means to the legislation's end. The dispute then turned to whether property rights remedies were available. Justice Gummow held that the trademark property had been "impaired" and, thus, that there was a "taking," but the government did not acquire the trademarks because title was not taken.<sup>209</sup> Justice Heydon, in dissent, held that there had been an acquisition.<sup>210</sup> Justice Keifel found that there had been no acquisition.<sup>211</sup> She noted that aspects of trademark rights are negative and said:

... It may be accepted that some or much of the value of their intellectual property has been lost in Australia. A trademark that cannot be lawfully used in connection with the goods to which it is relevant is unlikely to be readily assignable. The restriction on the use of the marks is likely to have effects upon the custom drawn to their businesses and upon their profits.<sup>212</sup>

### 3. Conclusions on the Nature of Trademark Rights

Just as the "all trademark rights are negative-rights" argument discussed in the previous subparts does not answer whether trademark rights and interests are affected at domestic law, it also does not answer whether the obligations under the TRIPS Agreement have been violated.

To use the debate over the right to exclude and corresponding absence of an explicit right to use in the TRIPS Agreement as a full answer to whether or not plain packaging may be a TRIPS Agreement violation is thus a faulty interpretive method. Why that matters is that such a method is potentially problematic outside of the plain packaging context. For example, if trademark rights are only exclusionary rights to prevent infringement, as expressed in Article 16, What is to stop countries from declaring politically inconvenient trademarks unable to be used? Freedom of expression provides a good illustration of the nature of trademark rights. In many jurisdictions, trademark law does not allow owners to prevent

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207. Although, there may be a claim under a BIT where the BIT provides for something less than expropriation, such as compensation for impairment, or provides for both. That, however, is a different discussion beyond the scope of this Article.

208. See *JT Int'l SA*, [2012] HCA 43 ¶¶ 44, 138, 210 (Gummow, J.) (suggesting that the law impairs if not eliminates some rights to trademark properties).

209. *Id.* ¶¶ 138, 141.

210. *JT Int'l SA*, [2012] HCA 43 ¶¶ 210–12 (Heydon, J., dissenting).

211. *JT Int'l SA*, [2012] HCA 43 ¶ 308 (Keifel, J., concurring).

212. *Id.* ¶ 356.

the use of trademarks in two broad ways: as descriptors (including making comparisons) of goods or services and where used to comment about goods or services (nominative use).<sup>213</sup> Article 17 of the TRIPS Agreement contemplates such exclusions from the rights of trademark owners.<sup>214</sup>

Although the line between trademark owners' rights and freedom of expression is sometimes unclear and varies between jurisdictions with different notions of freedom of expression, the broad rule is that commercial use of trademarks is infringing, whereas, free expression uses are not.<sup>215</sup> Indeed, arguments over the use of trademarks and the scope of dilution as an infringement arise precisely because trademark owners' rights are not absolute but have boundaries.<sup>216</sup>

Put differently, all members of the TRIPS Agreement have a fair degree of regulatory autonomy over trademarks and how to implement their trademark laws,<sup>217</sup> but that does not mean that the TRIPS Agreement should be interpreted so that trademark rights cease to have meaning because of the regulatory goals of the members. Rather, those regulatory goals must not be unjustified if Article 20 is to be given any real meaning.

This Article concludes that the negative-rights argument alone does not lead to an accurate interpretation of the scope of trademark owners' rights and legitimate interests under the TRIPS Agreement. The negative-rights approach does not give proper weight to the context and object and purpose aspects of the TRIPS Agreement as VCLT interpretation requires. The argument that Article 16 of the TRIPS Agreement sets out exclusionary rights against infringement and, therefore, prevents any notion of the trademark owner from having a legitimate interest to use a trademark is not sound. The fact that the boundary between negative rights and positive rights is ill defined does not mean that there must be an absolute positive right. Rather, the context of negative rights does not preclude there being some positive rights and interests to register and use a trademark.

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213. See, e.g., *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 445 F. Supp. 875 (S.D. Fla. 1978), *aff'd*, 626 F.2d 1171 (5th Cir. 1980) (finding that comparative advertising is supported by free speech).

214. Article 17 provides: "Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties." TRIPS Agreement, *supra* note 1, at art. 17.

215. Another approach is to find infringement but grant no remedy because of the free speech interest. See *PC Direct v Best Buys* [1997] 2 NZLR 723 (HC).

216. For a discussion of how far trademark owners' rights extend in regard to dilution see, Graeme B. Dinwoodie & Mark D. Janis, *Dilution's (Still) Uncertain Future*, 105 MICH. L. REV. FIRST IMPRESSIONS 98 (2006), available at <http://students.law.umich.edu/mlr/firstimpressions/vol105/dinwoodie.pdf>.

217. TRIPS Agreement, *supra* note 1, at arts. 7-8.

The existence of positive rights interests does not mean that there is an absolute right to use and register. There is a nuanced middle ground, which this Article has already indicated might be best described as the legitimate interests of trademark owners, and it is to defining this middle ground more precisely that this Article now turns the analytical spotlight.

#### D. Legitimate Interests of Trademark Owners

Context that is relevant to the interpretation of Article 20 includes Article 17. Article 17 contains a version of the three-step test for exceptions to the rights conferred to trademark owners, not just those in Article 16.<sup>218</sup> Article 17 arguably does not have direct application to the plain packaging issue in as far as it applies to exceptions for third parties because the plain packaging issue is not a third-party infringement issue. Article 17 will, however, govern the scope of domestic law exceptions made to trademark owners' legitimate interests, but that is not this Article's focus; as explained, the focus is an analysis of Article 20. Article 17 is relevant, however, as context for interpretation of Article 20. It includes express mention of the legitimate interests of trademark owners.<sup>219</sup> The question therefore is—What are those interests?

Article 17 was discussed at length by the panel in *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*.<sup>220</sup> The panel pointed out the similarities and differences between Article 17 and other instantiations of the three-step test under Articles 13, 26.2, and 30 of the TRIPS Agreement, as well as Article 9(2) of the Berne Convention (1971) as incorporated by Article 9.1 of the TRIPS Agreement.<sup>221</sup> Unlike these other provisions, Article 17 contains no reference to “conflict with a normal exploitation,” no reference to “unreasonable prejudice” to the legitimate interests of the right holder or owner, and it not only refers to the legitimate interests of third parties but also treats them on par with those of the right

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218. Article 17 reads, “Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.” TRIPS Agreement, *supra* note 1, at art. 17. This would apply, for example, to the Paris Convention. In the Section 110(5) Panel Report *supra* note 105, the panel similarly applied TRIPS Article 13 to rights contained in the Berne Convention, not in the TRIPS Agreement. See *supra* note 105.

219. TRIPS Agreement, *supra* note 1, at art. 17.

220. European Communities Trademarks Panel Report, *supra* note 129, at 141–50.

221. *Id.* ¶ 7.649.

holder.<sup>222</sup> It is also the only one of these provisions that contains an example (namely, fair use of descriptive terms).

The panel concluded that the EU exception was limited within the meaning of this article but cautioned that “[i]f the [geographical indications (GI)] registration prevented the trademark owner from exercising its rights against these signs, combinations of signs, or linguistic versions, which do not appear expressly in the GI registration, it would seriously expand the exception and undermine the limitations on its scope.”<sup>223</sup> It found that the legitimate interests of the trademark owner must be something different than full enjoyment of legal rights and that the legitimate interests of third parties were something different from simply the enjoyment of their legal rights.<sup>224</sup> The panel found that

every trademark owner has a legitimate interest in preserving the distinctiveness, or capacity to distinguish, of its trademark so that it can perform that function. This includes its interest in using its own trademark in connection with the relevant goods and services of its own and authorized undertakings. Taking account of that legitimate interest will also take account of the trademark owner’s interest in the economic value of its mark arising from the reputation that it enjoys and the quality that it denotes.<sup>225</sup>

The panel concluded that the EU regulation did “take account” of those legitimate interests, adding that “the proviso to Article 17 requires only that exceptions ‘take account’ of the legitimate interests of the owner of the trademark, and does not refer to ‘unreasonabl[e] prejudice’ to those interests,” which “suggests that a lesser standard of regard for the legitimate interests of the owner of the trademark is required.”<sup>226</sup> The legitimate interest in “preserving the distinctiveness, or capacity to distinguish, of its trademark” also seems consonant with Articles 16.2 and 16.3 and a trademark owner’s ability to maintain well-known status for a mark, which the Australian legislation may make difficult if the mark cannot be used at all.<sup>227</sup>

This view is further reinforced by the report in *Canada Pharmaceuticals*.<sup>228</sup> The WTO panel found that legitimate interests relating to Article 30 included more than just the de jure interest included in the patent exclusive rights part of the TRIPS

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222. *Id.*

223. *Id.* ¶ 7.657.

224. *Id.* ¶ 7.662.

225. *Id.* ¶ 7.664.

226. *Id.* ¶ 7.671.

227. TRIPS Agreement, *supra* note 1, at art. 16.

228. Panel Report, *Canada—Patent Protection of Pharmaceutical Products, Complaint by the European Communities and Their Member States*, WT/DS114/R (Mar. 17, 2000) [hereinafter *Canada Pharmaceuticals Panel Report*], available at [http://www.wto.org/english/tratop\\_e/dispu\\_e/7428d.pdf](http://www.wto.org/english/tratop_e/dispu_e/7428d.pdf).

Agreement.<sup>229</sup> In that dispute, the question was whether the de facto extension of a patent term, which arose from potential competitors being unable to launch their product on the market the day that the patent expired, was a legitimate interest of the patentee.<sup>230</sup> The panel held that legitimate interests did not only mean legal interests (as the European Communities had submitted) but also that it was something different.<sup>231</sup> The panel noted that the third step of Article 30 required consideration of the legitimate interests of third parties as well as the patent owner and confining the meaning of legitimate interests to legal rights would make the reference to legitimate interests of third parties redundant, as third parties had no patent legal rights.<sup>232</sup> The panel said:

[R]eading the third condition as a further protection of legal rights would render it essentially redundant in light of the very similar protection of legal rights in the first condition of Article 30 ("limited exception").<sup>233</sup>

The same analysis applies to Article 17. The panel concluded:

To make sense of the term "legitimate interests" in this context, that term must be defined in the way that it is often used in legal discourse - as a normative claim calling for protection of interests that are "justifiable" in the sense that they are supported by relevant public policies or other social norms. This is the sense of the word that often appears in statements such as "X has no legitimate interest in being able to do Y."<sup>234</sup>

The dispute before the panel required it to analyze whether the European Communities had a legitimate interest in the de facto patent term (this was not an express right in the TRIPS Agreement).<sup>235</sup> The panel found there was not such a legitimate interest.<sup>236</sup> But the point is this: The panel looked for legitimate interests beyond the exclusive rights expressed in the TRIPS Agreement because it concluded that the wording of the TRIPS Agreement recognized that such legitimate interests can and do exist.<sup>237</sup>

The question for trademark owners is—What legitimate interests exist beyond the rights expressly set out in the TRIPS Agreement? Such an approach, however, needs to be analyzed

229. *Id.*; see TRIPS Agreement, *supra* note 1, at art. 28 (discussing the "exclusive rights" conferred by the TRIPS Agreement).

230. Canada Pharmaceuticals Panel Report, *supra* note 229, ¶¶ 2.1–2.7.

231. *Id.* ¶ 7.68.

232. *Id.*

233. *Id.*

234. *Id.* ¶ 7.69.

235. *Id.*

236. *Id.*

237. *Id.* ¶¶ 7.74–7.83.

carefully so as not to read in what does not exist in the TRIPS Agreement but rather derives from VCLT interpretation of the context in light of the treaty's object and purpose.

There is an important distinction to note between what this Article discusses as the legitimate interests of trademark owners and the notion of legitimate expectations. The former is relevant; the latter is not a part of TRIPS Agreement interpretation. In *India Patents*,<sup>238</sup> the Appellate Body made it clear that TRIPS Agreement interpretation should be undertaken using the VCLT method of interpreting the ordinary meaning of the words of the agreement.<sup>239</sup> There, the concern was that the GATT-developed concept of legitimate expectations should not be read into TRIPS Agreement disputes because of the connection between the jurisprudence on legitimate expectations under GATT and nonviolation disputes.<sup>240</sup> As nonviolation disputes are not available under the TRIPS Agreement,<sup>241</sup> the Appellate Body held that the GATT jurisprudence was not very relevant to the TRIPS Agreement interpretation in this context, noting that the "TRIPS Agreement, the entire text of which was newly negotiated in the Uruguay Round[,] . . . occupies a relatively self-contained, *sui generis* status in the WTO Agreement."<sup>242</sup> Hence, it seems that legitimate expectations are different from legitimate interests and that few useful bridges, if any, can be built between the two notions.

It seems possible, therefore, that the legitimate interests arising from registration, including the right to use a trademark and benefit from rights arising from use, could be taken into account here. The legitimate interests of the trademark owner must mean something different from the exclusive rights of the owner in Article 16. The very phrase itself supports this, as the above discussed WTO panels have concluded. If they mean the same thing, then Article 16 might be expected to have used the phrase *legitimate interest* rather than *exclusive rights*.

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238. Panel Report, *India—Patent Protection for Pharmaceutical and Agricultural Chemical Products*, WT/DS50/R (Sept. 5, 1997) [hereinafter *India Pharmaceutical Panel Report*].

239. *Id.* ¶ 7.18.

240. See Thomas Cottier & Krista Nadakavukaren Schefer, *Good Faith and the Protection of Legitimate Expectations in the WTO*, in *NEW DIRECTIONS IN INTERNATIONAL ECONOMIC LAW: ESSAYS IN HONOR OF JOHN H. JACKSON* 60 (Marco Bronckers & Reinhard Quick eds., 2000) (mentioning that the Appellate Body has rejected the use of legitimate expectations other than in nonviolation cases).

241. TRIPS Agreement, *supra* note 1, at art. 64.2.

242. *India Pharmaceutical Panel Report*, *supra* note 239, ¶ 7.19. On the unique status of the TRIPS Agreement, see Frederick M. Abbott, *WTO Dispute Settlement and the Agreement on Trade-Related Aspects of Intellectual Property Rights*, in *INTERNATIONAL TRADE LAW AND THE GATT/WTO DISPUTE SETTLEMENT SYSTEM* 413, 415 (Ernst-Ulrich Petersmann ed., 1997).

Finally, and crucially, the very existence of the phrase *legitimate interests* in Article 17 supports the argument about negative rights above. If the use of the exclusive rights formula means that rights are only negative in substance, then the trademark owner cannot have a legitimate interest. Yet, that cannot be so for all the reasons discussed, and the TRIPS Agreement explicitly acknowledges this in choosing the notion of legitimate interests in Article 17.

## V. THE ROLE AND MEANING OF ARTICLE 8 OF THE TRIPS AGREEMENT

The VCLT suggests that Article 8 must be read in the context of the entire agreement, including the preamble (particularly the fifth and sixth paragraphs).<sup>243</sup> Article 8 is also important and useful in explaining the object and purpose of the TRIPS Agreement.<sup>244</sup> This provision allows WTO members to take action to protect public health and to adopt measures against abuse of intellectual property rights.<sup>245</sup> It is thus tempting, but wrong, to argue that this Article allows broad (categorical) new exceptions to any of the rights contained in the TRIPS Agreement.<sup>246</sup> However, both paragraphs of Article 8 are limited by the use of the phrase “consistent with the provisions of this Agreement.”<sup>247</sup> The drafting history shows that these were not accidental additions to the early drafts.<sup>248</sup> In fact, several different text options were suggested, including a negative limit that would have allowed measures that “do not derogate from obligations” contained in the TRIPS Agreement, which seems

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243. The TRIPS Agreement preamble includes the following: *Recognizing* the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives; *Recognizing* also the special needs of the least-developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base. TRIPS Agreement, *supra* note 1, at 300.

244. Indeed, the title of Article 8 is “Principles,” which seems to imply an overarching interpretive function. *Id.* at art. 8.

245. *Id.*

246. See PETER VAN DEN BOSSCHE, *THE LAW AND POLICY OF THE WORLD TRADE ORGANIZATION*, 745 (2d ed, 2008), (“... the provision in Article 8 is limited by the requirement that measures falling there under be consistent with the provisions of the TRIPS Agreement. Thus, rather than creating an exception from TRIPS disciplines for measures serving public policy objectives, Article 8 is best seen as enunciating a fundamental principle of the TRIPS Agreement to be taken into account, with Article 7, when interpreting and applying its remaining provisions.” (italics in original)).

247. Article 8.2 would thus seem to apply to specific cases of abuse rather than broad, categorical measures. *Id.*

248. See GERVAIS, *supra* note 78, at 235–41 (discussing the drafting history of the TRIPS Agreement).



somewhat less restrictive than the positive obligation that any measure be “consistent” with the agreement.<sup>249</sup>

Given the clearly deliberate addition of the phrase “consistent with the provisions of this [a]greement” during the negotiation, it would be difficult to justify broad new exceptions not foreseen under the TRIPS Agreement.<sup>250</sup> Indeed, in spite of the broad language, WTO members negotiated for approximately 2 years to adopt the so-called paragraph 6 system, which allows exports of pharmaceuticals produced under a compulsory license to the least-developed members.<sup>251</sup> If Article 8 were a legal basis to adopt broad new exceptions, Would not state practice and subsequent behavior tend to support that view?<sup>252</sup> Here, it seems to do precisely the opposite.

Article 8 is perhaps best viewed as a policy statement with active force; that is part of the object and purpose of the TRIPS Agreement. For one thing, it provides a clear rationale for exceptions allowed under the TRIPS Agreement (e.g., Articles 30, 31, and 40). It may, and should—like the preamble and Article 7—serve an interpretive function. Article 8 might assist in justifying specific measures, such as neutralizing one or more *specific* patents during a public health emergency, which the TRIPS Agreement allows.<sup>253</sup> This is quite different from, say, banning patents on pharmaceutical inventions or an entire class thereof, which would amount to a prohibited categorical exception.<sup>254</sup>

This may also apply to trademarks. The TRIPS Agreement *does* contain a provision on exceptions to trademark rights—namely, Article 17.<sup>255</sup> It would be odd, as a matter of interpretation, to read Article 8 as allowing exceptions that clearly violate Article 17.

249. It is a principle of international law that states may do all that is not prohibited. For a more complete drafting history, see *id.*

250. *Id.*

251. See *id.* at 498–505 (discussing the negotiations surrounding the TRIPS Agreement).

252. As the then-Permanent Court of International Justice (now the International Court of Justice) noted: “If there were any ambiguity, the Court might, for the purpose of arriving at the true meaning, consider the action which has been taken under the treaty.” Competence of the I.L.O. with respect to Agricultural Labour, Advisory Opinion, 1922 P.C.I.J. (ser. B) No. 2, at 39–41 (Aug. 12). The VCLT incorporates part of this concept in Article 31.3(b), which provides, “There shall be taken into account, together with the context . . . (b) any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation.” VCLT, *supra* note 5, at 31.3(b).

253. Lorand Bartels, *Article XX of GATT and the Problem of Extraterritorial Jurisdiction: The Case of Trade Measures for the Protection of Human Rights*, 36 J. WORLD TRADE 353, 354–55 (2002).

254. TRIPS Agreement, *supra* note 1, at art. 27.2; GERVAIS, *supra* note 78, at 428–33.

255. TRIPS Agreement, *supra* note 1, at art. 17.

Otherwise, why would members have adopted Article 17 in the first place?

In saying that Article 8 is perhaps best viewed as a policy statement with active force, this Article does not mean to strip it of meaning; quite the opposite is true. It is also noteworthy that Article 8 was underscored in the 2001 Doha Ministerial Declaration.<sup>256</sup> It (a) confirms public health is a valid area to adopt an exception;<sup>257</sup> and (b) signals that this area is of particular importance to WTO members.<sup>258</sup> Two categories of sources that are found outside of the TRIPS Agreement are also relevant to using Article 8 in a VCLT interpretation. These are other WTO agreements and other international sources, such as the FCTC.<sup>259</sup>

In Article 8's first function, it is beyond cavil that, as was shown in several disputes, including the recent *Clove Cigarettes*,<sup>260</sup> while a WTO panel or the Appellate Body would be unlikely to challenge a member's determination of its public interest or a sector of vital importance, these bodies can consider the adequacy of the measure in terms of the stated objective and its compatibility with WTO obligations.<sup>261</sup> It must be borne in mind that both paragraphs require that the measure be *necessary*.<sup>262</sup>

This echoes the wording in the chapeau of GATT Article XX. In *Thai Cigarettes*, the government of Thailand had imposed an import ban on cigarettes on the grounds of public health considerations; however, the panel concluded that there were less restrictive alternatives than a ban.<sup>263</sup> The panel concluded that "the import restrictions imposed by Thailand could be considered to be 'necessary' in terms of Article XX(b) only if there were no alternative measure

256. See Doha Declaration on Public Health, *supra* note 76.

257. *Id.* ¶¶ 1, 4, 5(c).

258. *Id.*

259. VCLT Article 31.3(c) refers to "any relevant rules of international law applicable in the relations between the parties" as something interpretation should "take into account, together with the context." VCLT, *supra* note 5, at art. 31.3(c). This Article does not rely on that rule to refer to other international sources, just as many dispute settlement panels have not. This Article uses other sources as a method to interpret open-textured terms that do not have a definition or meaning found in the text of the TRIPS Agreement or other WTO agreements, but that have been discussed elsewhere. See Frankel, *supra* note 10, at 401–02 (discussing the use of non-WTO sources, including the FCTC); see also *id.* at 421–24.

260. Appellate Body Report, *United States—Measures Affecting the Production and Sale of Clove Cigarettes*, WT/DS406/AB/R (Apr. 4, 2012) [hereinafter *Clove Cigarettes* Appellate Body Report]; Panel Report, *United States—Measures Affecting the Production and Sale of Clove Cigarettes*, WT/DS406/R (Sept. 2, 2011) [hereinafter *Clove Cigarettes* Panel Report].

261. *Clove Cigarettes* Appellate Body Report, *supra* note 260; *Clove Cigarettes* Panel Report, *supra* note 260.

262. TRIPS Agreement, *supra* note 1, at art. 8.2 ("needed").

263. Panel Report, *Thailand—Restrictions on Importation of and Internal Taxes on Cigarettes*, DS10/R (Nov. 7, 1990), GATT B.I.S.D. (37th Supp.) at 200 (1990).

consistent with the General Agreement, or less inconsistent with it, which Thailand could reasonably be expected to employ to achieve its health policy objectives.”<sup>264</sup> The panel considered that Thailand could reasonably be expected to implement strict, nondiscriminatory labelling and ingredient disclosure regulations to address the quality-related policy objectives.<sup>265</sup>

In *Korea-Beef*,<sup>266</sup> the Appellate Body took a different approach. It said “the term ‘necessary’ refers, in our view, to a range of degrees of necessity. At one end of this continuum lies ‘necessary’ understood as ‘indispensable’; at the other end, is ‘necessary’ taken to mean as ‘making a contribution to.’”<sup>267</sup> The Appellate Body further said, “[D]etermination of whether a measure, which is not ‘indispensable’, may nevertheless be ‘necessary’ . . . involves in every case a process of weighing and balancing a series of factors which prominently include the contribution made by the compliance measure to the enforcement of the law or regulation at issue, the importance of the common interests or values protected by that law or regulation, and the accompanying impact of the law or regulation on imports or exports.”<sup>268</sup>

In the above-mentioned interpretive function, Article 8 is used as a guide for ongoing work by the Council for the TRIPS Agreement.<sup>269</sup> It has justified the work on and adoption of Article 31*bis* and the extension of transitional periods available to the least-developed countries.<sup>270</sup> It also allows the adoption of measures to promote what a WTO member reasonably considers to be its public interest in vital sectors, provided they are compatible with the TRIPS Agreement.<sup>271</sup>

Previous panel reports support this approach. For example, in *European Communities—Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*,<sup>272</sup> the panel noted that Article 8 “inherently grants Members freedom to pursue legitimate public policy objectives since many measures to attain those public policy objectives lie outside the scope of intellectual

264. *Id.* ¶ 75.

265. *Id.*

266. Appellate Body Report, *Korea—Measures Affecting Imports Of Fresh, Chilled And Frozen Beef*, WT/DS161/AB/R, WT/DS169/AB/R (Dec. 11, 2000); see also *infra* note 279 and accompanying text.

267. *Id.* ¶161.

268. *Id.* ¶164.

269. World Trade Organization, Ministerial Declaration of 14 November 2001, WT/MIN(01)/DEC/1, 41 I.L.M. 746, 748 (2002), ¶ 19.

270. TRIPS, *supra* note 1, at art. 66.1. The extension is valid until January 1, 2016.

271. *Id.* at art. 8.

272. European Communities Trademarks Panel Report, *supra* note 129; Australia Panel Report, *supra* note 148.

property rights and do not require an exception under the TRIPS Agreement.”<sup>273</sup>

In regard to plain packaging, the key relevance of Article 8 is not that it is an exception that allows public health measures that are otherwise inconsistent with the TRIPS Agreement. The key function of Article 8 is its relevance to interpreting the object and purpose of the TRIPS Agreement and applying that to an interpretation of Article 20. The public health objective in Article 8 is relevant to interpreting what amounts to *unjustifiably* encumbered.<sup>274</sup> What is meant by “public health” may require consideration of non-WTO sources, and, in that context, a source outside the WTO that is relevant to the meaning of public health is the FCTC and its Guidelines.<sup>275</sup> Using such sources for interpretation, however, is limited to the *interpretation* of the TRIPS Agreement. It should not amount to a nonnegotiated *amendment* of the TRIPS Agreement. In other words, if the goal is public health, an encumbrance may be justified provided that the evidence supports it. Because the establishment of panels had not yet happened as of this writing (last revised in November 2013), several months after the entry into force of the Australian statute, it may well be that actual evidence of the impact of the measure will be available, in addition to theoretical studies by experts that parties may adduce.

## VI. BURDEN OF PROOF

It is uncontroversial as a matter of WTO law that the party asserting a fact, whether the claimant or the respondent, is responsible for providing proof for that fact. For example, in *US—Wool Shirts and Blouses*, the Appellate Body noted rather convincingly that it was difficult “to see how any system of judicial settlement could work if it incorporated the proposition that the mere assertion of a claim might amount to proof.”<sup>276</sup> The Appellate Body added that it was

a generally accepted canon of evidence in civil law, common law and, in fact, most jurisdictions, that the burden of proof rests upon the party, whether complaining or defending, who asserts the affirmative of a particular claim or defense. If that party adduces evidence sufficient to raise a presumption that what is claimed is true, the burden then shifts

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273. European Communities Trademarks Panel Report, *supra* note 129, ¶ 7.210; Australia Panel Report, *supra* note 148, ¶ 7.248.

274. TRIPS Agreement, *supra* note 1, at art. 8. This is where the evidence referred to *supra* Part II.D will be relevant.

275. See *supra* discussion Part II.D.

276. Appellate Body Report, *United States—Measure Affecting Imports of Woven Wool Shirts and Blouses from India*, at 14, WT/DS33/AB/R (Apr. 25, 1997).

to the other party, who will fail unless it adduces sufficient evidence to rebut the presumption.<sup>277</sup>

Once a *prima facie* case has been established, the burden of proof then shifts to the other party. In other words, under WTO law, a party alleging a violation must prove it. Once that has been done, a party alleging a defense must prove it. There are thus two sequential, binary propositions.

Deciding who has which burden should not detract from, or be confused with, multifactor analyzes (e.g., under GATT Article XX(b)) where the choice of the measure, its impact on trade, and the nature of the interest or value at stake are all taken into account.<sup>278</sup> This has at least two key consequences. First, the higher the nature of the interest, the more likely a measure is to be considered necessary. Here, Article 8 of the TRIPS Agreement would support the view that curbing youth smoking has high importance. It has also been the practice of the WTO to require that a party asserting that a less trade-restrictive measure could fulfill the objective should prove it.<sup>279</sup> By the same token, however, the more trade restrictive a measure is (as a complete ban on trademarks might fairly be considered to be), the more evidence a party trying to justify the measure might be expected to have, and the harder it might be to prove that the alternative, less restrictive measures suggested by the complainant are inadequate.

A further distinction must be made when considering other WTO tests, such as under Article 2.2 of the TBT.<sup>280</sup> That test combines the two above analyzes by requiring that a complainant demonstrate to a

277. *Id.* Citing its report in *Wool Shirts and Blouses*, the Appellate Body stated in *EC—Hormones*: “When that *prima facie* case is made, the burden of proof moves to the defending party, which must in turn counter or refute the claimed inconsistency.” Appellate Body Report, *EC—Measures Concerning Meat and Meat Products (Hormones)* ¶ 98, WT/DS26/AB/R (Jan. 16, 1998).

278. See Appellate Body Report, *Brazil—Measures Affecting Imports of Retreaded Tyres*, ¶ 156, WT/DS332/AB/R, (Dec. 3, 2007) (“In order to determine whether a measure is ‘necessary’ within the meaning of Article XX(b) of the GATT 1994, a panel must assess all the relevant factors, particularly the extent of the contribution to the achievement of a measure’s objective and its trade restrictiveness, in the light of the importance of the interests or values at stake.”).

279. For an example, see *Clove Cigarettes Panel Report*, *supra* note 260, ¶ 7.331 in which the Appellate Body stated:

The parties also agree that Indonesia carries the burden of proof in respect of its claim under Article 2.2 of the *TBT Agreement*. On this point, the parties agree that there is a significant difference between Article 2.2 and Article XX(b) of the GATT 1994. . . . Thus, we proceed with our analysis on the understanding that Indonesia must demonstrate that the ban on clove cigarettes is more trade-restrictive than necessary to fulfill a legitimate objective . . . .

280. TBT, *supra* note 19, at art. 2.2.

panel's satisfaction that a measure is more restrictive than necessary and that there are adequate alternative measures.<sup>281</sup> In the TBT context, a panel might be said to take a proportional approach factoring in the nature of the interest that justifies the measure and the degree of restrictiveness. In addition, both under GATT XX and TBT 2.2, the broad latitude of WTO members in making (valid) public policy choices and decisions on how to implement them would be directly relevant to their interpretation.<sup>282</sup>

This might guide a dispute settlement panel in deciding how to approach TRIPS Agreement Article 20 with its "contextual cousins," in particular Articles 16 and 17 and Article 8, which is critical to VCLT interpretation of the TRIPS Agreement's object and purpose. A major difference between the TRIPS Agreement and other WTO instruments that a panel would likely consider is that the TRIPS Agreement (unlike GATT or GATS) contains obligations concerning specific rights of individual right holders<sup>283</sup> and specific boundaries on limitations and exceptions to such rights.<sup>284</sup>

Against this backdrop, a party relying on Article 8 would normally have the burden of proving its relevance.<sup>285</sup> But as this Article discusses above, reliance on Article 8 directly to justify a new exception is not the intended function of Article 8. If seen mostly as a policy statement about object and purpose, however, Article 8 could play a somewhat different role. It could be used to support (as a normative matter) the justification for an exception adopted under another provision of the TRIPS Agreement, or in the plain packaging context, an evidence-based justification for an encumbrance under Article 20.

In the recent *Clove Cigarettes* report, the Appellate Body noted that "the burden of proof in respect of a particular provision of the covered agreements *cannot* be understood in isolation from the

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281. See Appellate Body Report, *United States—Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products*, ¶¶ 319–20, WT/DS381/AB/R (June 13, 2012) (discussing the standard of necessity); Panel Report, *United States—Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products*, ¶ 7.458, WT/DS381/R (Sept. 15, 2011) (same).

282. See Sara Dillon, *A Farewell To "Linkage": International Trade Law and Global Sustainability Indicators*, 55 RUTGERS L. REV. 87, 97 (2002) (discussing public policy decisions).

283. The preamble states among its other goals, "Recognizing that intellectual property rights are private rights." TRIPS Agreement, *supra* note 1, at 300.

284. Those boundaries are defined throughout the agreement where exceptions and limitations must meet specific tests (arts. 13, 17, 30), specific criteria (arts. 27.2, 27.3, and 31), or both. *Id.* at arts. 13, 17, 27.2, 27.3, 30, 31.

285. See Panel Report, *United States—Restrictions on Imports of Tuna*, ¶ 5.22, DS21/R (Sept. 3, 1991), GATT B.I.S.D (39th Supp.) at 155, 197 (1991) (noting the common practice of placing the burden on the party invoking Article XX); Panel Report, *United States—Section 337 of the Tariff Act of 1930*, ¶ 5.27, L/6439 (Nov. 7, 1989), GATT B.I.S.D (36th Supp.) at 345, 393 (1989).

overarching logic of that provision, and the function which it is designed to serve.”<sup>286</sup>

That dispute is obviously relevant to this Article’s argument. In a matter involving tobacco and tobacco packaging, the Appellate Body addressed the substance of the TBT Agreement and analyzed whether the measure at issue was consistent with the United States’ trade obligations as a WTO member. The Appellate Body concluded as follows:

We do not consider that the *TBT Agreement* or any of the covered agreements is to be interpreted as preventing Members from devising and implementing public health policies generally, and tobacco control policies in particular, through the regulation of the content of tobacco products, including the prohibition or restriction on the use of ingredients that increase the attractiveness and palatability of cigarettes for young and potential smokers. Moreover, we recognize the importance of Members’ efforts in the World Health Organization on tobacco control.

While we have upheld the Panel’s finding that the specific measure at issue in this dispute is inconsistent with Article 2.1 of the *TBT Agreement*, we are not saying that a Member cannot adopt measures to pursue legitimate health objectives such as curbing and preventing youth smoking. In particular, we are not saying that the United States cannot ban clove cigarettes: however, if it chooses to do so, this has to be done consistently with the *TBT Agreement*.<sup>287</sup>

This is precisely the point of this Article. Article 8 is relevant in justifying a measure that affects intellectual property rights, but (a) consistency with the TRIPS Agreement must be established and (b) the party asserting the justification has the burden of proof. That said, one must carefully distinguish the party that has the burden of proof from the standard to be applied to scientific evidence. The two are linked in the sense that a party who has the burden of proof will have to meet that burden in light of the standard applied. Yet, the two remain analytically separate. To use the words of the panel report in *EC-Asbestos*:

It is therefore for the European Communities to submit in respect of this defence a prima facie case showing that the measure is justified. . . . [I]n relation to the scientific information submitted by the parties and the experts, . . . the Panel does not intend to set itself up as an arbiter of the opinions expressed by the scientific community. Its role, *taking into account the burden of proof*, is to determine whether there is sufficient scientific evidence to conclude that there exists a risk for human life or health and that the measures taken by France are necessary in relation to the objectives pursued.<sup>288</sup>

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286. See Clove Cigarettes Appellate Body Report, *supra* note 260, ¶ 286.

287. *Id.* ¶¶ 235–36.

288. Asbestos Panel Report, *supra* note 3, ¶¶ 8.177–8.182 (emphasis added). Those statements were not reviewed by the Appellate Body.

Similarly, in *Clove Cigarettes* the panel noted that the “evidence before the Panel from health experts squarely contradicts Indonesia’s assertion that there is no scientific evidence to support the United States ban on clove cigarettes” and referred to several scientific articles and WHO studies.<sup>289</sup>

Article 20 of the TRIPS Agreement prevents certain unjustified encumbrances from being applied. In effect, the complaining party has the burden to establish that there is an encumbrance by special requirement.<sup>290</sup> As Article 20 refers to unjustified encumbrances, the complaining party will argue that the encumbrance is unjustified. The prime reason for alleging that a ban is an *encumbrance* is that it prevents the trademark owner from use of its trademarks in commerce.<sup>291</sup> But the use of *unjustified* in Article 20 should not be confused with the burden of proof. Clearly, the complainant is not the party who relies on a domestic policy reason for the encumbrance. Thus, the respondent carries the burden to show that the encumbrance is justified. As such, Article 20 contains both an obligation (not to impose prohibited measures) and the option of providing a justification. This does not affect extant rules on the burden of proof, according to which a party challenging a measure should bear the prima facie burden of showing that the measure is inconsistent with an obligation under the covered agreements.<sup>292</sup> If that burden is met, taking account of the discussion of the applicable standard of review of scientific evidence, then the party asserting a justification or defense should bear the burden of proving that the justification or defense applies. Indeed, this seems to be the logical operation of Article 20, according to which use should not be encumbered by special requirements unless such an encumbrance is justified. Then a case can be made that a harsher encumbrance could lead a panel to require a higher level of justification.<sup>293</sup>

The panel—and perhaps the Appellate Body—may be called upon to consider contradictory scientific evidence submitted by the parties to the plain packaging cases. Independently of which party has the burden of proof on each element of the dispute, a decision may thus have to be made about the standard of review of such evidence. As the authors of this Article see it, while there are many

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289. See *Clove Cigarettes Panel Report*, *supra* note 260, ¶¶ 7.400–7.413, 7.415 (noting that “there is extensive scientific evidence supporting the conclusion that banning clove and other flavored cigarettes could contribute to reducing youth smoking”).

290. TRIPS Agreement, *supra* note 1, at art. 20.

291. See NUNO PIRES DE CARVALHO, *THE TRIPS REGIME OF TRADEMARKS AND DESIGNS* 431–38 (2d ed. 2006) (discussing the implementation of Article 20).

292. See *supra* notes 276–77 and accompanying text.

293. See Mitchell, *supra* note 46, at 418 (“It may be that the higher degree of encumbrance, the higher the level of justification [is required].”).



ways to distinguish possible applicable standards, there are three that come to mind. At what a panel might consider the lowest standard, it would accept as justified a measure that has a rational relationship to the measure.<sup>294</sup> At the highest level, it would ask for near certainty that the measure will achieve its stated objectives, which is difficult in any regulatory context due to inevitable unintended consequences.<sup>295</sup> Between those two extremes, one might consider a test of substantial or firm evidence instead. A panel would have to decide the strength and source of evidence and any contrary evidence to decide which evidence, and to what degree, has been contradicted. Bearing in mind, as in *EC-Asbestos*, who has the burden of proving what in the case, an easier standard of a majority of the available evidence might also be used.<sup>296</sup> That said, the authors of this Article suggest that this and the substantial evidentiary standard are likely to lead to similar outcomes. The purpose of the analysis is not whether the measure is legitimate, as might be the case in the context of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, but rather whether the encroachment is justified.

Once a panel finds an encroachment on rights or legitimate interests that the TRIPS Agreement protects—that is, the evidence is considered in defense of such encroachment—a fair balancing of the interests involved should be required. This Article suggests that a simple rational relationship test without more is unlikely to achieve this objective because by its nature the rational relationship test does not balance interests that, as this Article has demonstrated, should be done following a VCLT analysis.

## VII. CONCLUSION

The issues around plain packaging and its impact on international trademark law are complex. A key rule that a WTO panel is very likely to consider is Article 20 of the TRIPS Agreement, which limits certain encumbrances (listing three examples of prima facie unjustified encumbrances by special requirement). It allows a member to justify an otherwise prohibited encumbrance. This Article proposed a way of approaching Article 20 that places it in its TRIPS

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294. For a discussion of the tests applicable to assess scientific evidence at the WTO and their purpose, see RONNIE R.F. YEARWOOD, *THE INTERACTION BETWEEN WORLD TRADE ORGANIZATION (WTO) LAW AND EXTERNAL LAW: THE CONSTRAINED OPENNESS OF WTO LAW (A PROLOGUE TO A THEORY)* 148–62 (2012).

295. See Daniel Gervais, *The Regulation of Inchoate Technologies*, 47 *HOUS. L. REV.* 665, 684–88 (2010) (discussing the “law” of unintended consequences in regulatory theory).

296. See *supra* note 3 and accompanying text.

Agreement context in light of the agreement's object and purpose. A full analysis of context and object and purpose—as the VCLT requires—provides a holistic approach to TRIPS Agreement interpretation without modifying or adding to negotiated WTO texts.

This Article concludes the following about the relevant TRIPS Agreement minimum standards:

- The debate over whether trademark owners have any right to use their trademarks is wrongly depicted as binary (an either or both choice). In fact, (a) trademark owners have a legitimate interest in using their mark(s); and (b) the scope of rights, including acquisition and maintenance of well-known status, depends on actual use.
- The matter is thus best viewed as a continuum. At one end would be an absolute right to use a mark in any context, an approach that is unrealistic and that these authors squarely reject. At the other end is a total ban on the use of a mark. At that point, the right to exclude is mostly irrelevant because even the legitimate owner of the mark cannot use his or her own mark.
- Article 16 provides the rights that the trademark owner has against third parties that use his or her mark without authorization. Those rights are by no means absolute, for example, when they are limited by the need to show consumer confusion. The rights are greater when the mark has achieved well-known status.
- The rights in Articles 16.1, 16.2, and 16.3 make sense in context and in light of their object and purpose—that is, when seen teleologically as allowing for the orderly use of marks. How else would a consumer be confused if there is no use of the trademark by the legitimate owner or with his or her consent? People do not register trademarks to obtain a certificate from a government. They register them because they are using the trademark in commerce (or intend to) and will then need to maintain order.
- Article 17 gives WTO members the ability to limit the exclusive rights of trademark owners, particularly in Article 16 (themselves already limited by nature). In doing so, Article 17 also recognizes that trademark owners have legitimate interests beyond the mere ability to exclude third parties from infringing their trademarks.
- Articles 19 and 20 provide limits concerning restrictions on the use imposed by governments. Under Article 19.1, a ban on use cannot be used to cancel a registration, signaling that the ban may well be temporary because that is precisely why a trademark owner would want to maintain the registration.

The above conclusions provide a contextual way of reading Article 20, which is central in the plain packaging debates and in the case brought against Australia in the WTO.

Applying them to the issue of plain packaging, the first step is to recall that a WTO member may take reasonable measures to reduce smoking, in particular among younger smokers. Article 8 and other WTO documents recognize public health as a valid field to take appropriate policy measures (subject to other provisions of the TRIPS Agreement), and tobacco is assuredly a serious public health issue. However, the TRIPS Agreement's interpretation in this context will impact other areas of trademarks, commerce, and probably other intellectual property rights. This Article thus calls for a careful way of tackling the issue.

Some may prefer to see this debate as a fight against "big tobacco." As such, they may attach much, if not all, of the importance of the case to its outcome—namely, whether Australia's strict plain packaging measure, or for that matter any measure to control tobacco, can withstand trade-based scrutiny. The case, for them, is all about "winning," not as much about how to get there. However, while the case is undoubtedly about an important public health issue, other key issues are at play. Independently of who "wins" the panel report(s) and a possible Appellate Body report, the legal analysis of the public health, intellectual property intersection is exceedingly important for the future.

The Australian case affords an opportunity to reaffirm the contextual interpretation of the TRIPS Agreement, in light of its object and purpose, as guided by the VCLT—and perhaps to depart from strict formalism—without amending the TRIPS Agreement. The Appellate Body's direction concerning the VCLT should not be ignored for systemic reasons—namely, the integrity of the WTO dispute-settlement system. The VCLT's insistence on object and purpose, and the DSU's requirement not to add or remove words from a treaty but rather to understand and give effect to their meaning is essential to the proper interpretation of Article 20.

The Australian plain packaging measures go practically as far as one can go in terms of imposing encumbrances on trademark owners. If, as just mentioned, the rights and interests of trademark owners are best seen as a continuum, then a high degree of encumbrance might logically lead to a higher burden to justify a measure. In any case, the authors of this Article do not believe that it is unreasonable to suggest that, as a result, this measure warrants close scrutiny by the DSB.

Put differently, while the normative appeal of tobacco control is strong, there is a normative case to be made for getting trademark (and, more broadly, intellectual property) rules right. Trademarks affect consumer information and protection. Intellectual property is directly linked in a myriad of ways to innovation outcomes. This

Article does not suggest that the public health impacts of tobacco use should somehow be measured against the economic impact of trademarks and innovation, for this would ignore a number of key dimensions of both issues. However, there is a need for a balanced and methodical approach by the WTO. Both the VCLT and previous panel and Appellate Body reports contain the tools that are needed to get to a balanced outcome.

Fundamentally, the path to protecting public health can and should be carved out without doing unnecessary collateral damage to trademark law. Indeed, it is desirable that it not do so because trademark law is about far more than plain packaging of cigarettes.<sup>297</sup>

The politics should be left to the politicians. It does seem inconsistent, however, to require stringent rules around exceptions to patent law in the TRIPS Agreement for public health purposes<sup>298</sup> but to suggest that there is a wide, almost unlimited exception to trademarks in the name of public health. Moreover, this is the first case in which complaints have been filed by developing countries defending intellectual property owners in a TRIPS Agreement context.<sup>299</sup>

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297. One question this Article does not explore but that is worth mentioning in conclusion is the possibility that cigarettes (and more generally tobacco) may need to be directly addressed by the WTO as a special case. This would have to be done by its members, not by just interpreting the TRIPS Agreement. This issue was raised by the Dominican Republic in the TRIPS Council.

298. Indeed, the exceptions for public health relating to compulsory licensing of pharmaceuticals have many detailed requirements. See TRIPS Agreement, *supra* note 1, arts. 31, 31*bis* (discussing compulsory licensing requirements).

299. The concern raised by the Dominican Republic in the TRIPS Council was that: "The proposed [Australian] law would hurt tobacco producers in small and vulnerable economies." Press Release, World Trade Organization, Members Debate Cigarette Plain-Packaging's Impact on Trademark Rights (June 7, 2011), available at [http://www.wto.org/english/news\\_e/news11\\_e/trip\\_07jun11\\_e.htm](http://www.wto.org/english/news_e/news11_e/trip_07jun11_e.htm).