

**APRAM LETTER TO DG ENTERPRISE**

**IRISH NOTIFICATION OF IRISH BILL ON PLAIN PACKAGING**

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Paris, 18 July 2014

Dear Mr Casella,

**Re: Notification No: 2014/277/IRL – X40M by Ireland of Public Health (Standardised Packaging of Tobacco) Bill 2014**

Following the Irish Government's notification of the Public Health (Standardised Packaging of Tobacco) Bill 2014 ("Irish Plain Packaging Bill") on 17 June 2014 to the EU Commission, **APRAM- Association of Trademarks and Designs rights Practitioners** - is willing to submit strong concerns.

**APRAM** is an international Association for French-speaking specialists in industrial and intellectual property, in particular Trademarks and designs.

The association, which now has more than 850 members, was founded 35 years ago and is open to all French-speaking lawyers practicing, all over the world, in the field of Trademarks and designs. It gathers together in-house intellectual property specialists, Attorneys at law and Trade Mark Attorneys.

The purpose of the association is notably to play an active role in, and be at the forefront of, further to consultation or on its own initiative, discussions concerning intellectual property and business law in France, Europe and the world.

As a prominent international intellectual property association, **APRAM** is notably member of the OHIM's users group and the OHMI's Observatory, and is observer at the World Intellectual Property Organization (WIPO).

**APRAM** has closely been following the plain packaging debates and developments, in particular the Irish Government's proposal to standardise the packaging of tobacco products. APRAM wishes to inform the EU Commission of its serious concerns with the Irish "Public health (Standardised Packaging of Tobacco)" Bill of June 2014 to introduce standardised or plain packaging for tobacco products in Ireland. APRAM does not defend a particular industry; it is fiercely independent of the tobacco lobby and industry. Rather APRAM defends Intellectual Property Rights (IPRs) as such and, in particular, the owners of Trade Marks and designs, whoever they may be.

## WHY DOES APRAM HAVE STRONG CONCERNS WITH THE IRISH PLAIN PACKAGING BILL?

In the past, APRAM has, alone and in conjunction with IP sister organisations, expressed its strong concerns that plain packaging proposals:

- are tantamount to a general ban on the use of registered Trade Marks (other than those covering the word mark) for tobacco products;
- violate Article 17 of the Charter of Fundamental Rights of the European Union and Article 1 of Protocol No 1 of the European Convention on Human Rights;
- violate the proportionality principle under Community Law;
- violate the TRIPS Agreement, and
- facilitate counterfeiting and smuggling.

Latest joint statements of March 28 and June 25 2014 signed by 8 IP organisations are attached. All the position papers signed by APRAM can be found at: <http://apram.com/publications/positions-publiques/>.

The EU Parliament and the Council appear to have also shared these concerns and have rejected mandatory plain packaging as part of the revised Tobacco Products Directive (TPD – Directive 2014/40/EU), which entered into force in May 2014. Ireland seems to read the provisions of the TPD as providing complete freedom for the EU Member States to introduce plain packaging.

- However, Article 24(2) and Recital 53 of the TPD, subject national plain packaging measures to very strict requirements. Such requirements are as much necessary from an internal market perspective as they are necessary from an intellectual property perspective.
- In addition, Recital 59 of the TPD states that the application of the Directive should respect Union law and relevant international obligations and should not only guarantee a high level of health and consumer protection but should also protect all other fundamental rights and be proportionate with respect to the smooth functioning of the internal market.

With a view to the Irish Plain Packaging Bill, APRAM is willing to offer the following additional considerations:

### ***The Irish Plain Packaging Bill distorts the internal market and is incompatible with the Community Trade Mark Regulation (CTMR)***

National plain packaging legislation distorts the internal market and is incompatible with the Community Trade Mark Regulation<sup>1</sup> (CTMR). Indeed, article 1(2) CTMR provides that Community Trade Marks (CTM) shall have equal effect throughout the Community, in particular their use shall not be prohibited, save in respect of the whole Community. The stated purpose of the unitary CTM is to facilitate the free movement of goods within the Union's internal market.<sup>2</sup>

The Irish Plain Packaging Bill is incompatible with this regulation since, in Ireland, it effectively prohibits the use of CTM other than word marks and restricts the use of CTM word marks to a prescribed form not used the same way in other member states, and as such violates the unitary character of the CTM. It also distorts the internal market.

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<sup>1</sup> Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (CTMR).

<sup>2</sup> CJEU, 19 December 2012, C-149/11, *Leno Merken v Hagelkruis*, para 40.

***The Irish Plain Packaging Bill undermines the very substance of Trade Mark rights, namely the essential function of Trade Marks to act as designations of origin***

The Court of Justice of the European Union has repeatedly stated that it is the essential function of a Trade Mark “to guarantee the identity of the origin of the marked product or service to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin”.<sup>3</sup> Furthermore, the Court of Justice of the European Union has found that aside from its essential distinctive function, a Trade Mark also fulfils other functions, namely to guarantee the quality of the goods or services in question and those of communication, investment or advertising.<sup>4</sup>

Plain packaging undermines all of these accepted Trade Mark functions. Trade marks (other than those covering the word mark) could neither be used to enable the consumer to distinguish tobacco products nor to guarantee the quality of tobacco products.

***The Irish Plain Packaging Bill’s provision allowing use just vis-à-vis the trade is meaningless***

The CJEU has just recently again confirmed that Trade Marks carry out their functions when used vis-à-vis consumers.<sup>5</sup> While the Irish Plain Packaging Bill seems to allow Trade Mark owners to continue to use their Trade Marks vis-à-vis the trade (wholesalers, distributors...) , such provision is meaningless. Trade marks cannot serve their essential function in the marketplace to act as source identifiers if they cannot be used to distinguish goods with consumers.

***The Irish Plain Packaging Bill’s provision allowing the registration of Trade Marks that cannot be used is contrary to the EU Trademark Directive and conflicts with fundamental principles of Trade Mark law***

The Irish Government does itself not seem to consider the remaining use allowed vis-à-vis the trade to be meaningful. Otherwise, it would not have been necessary to explicitly provide that Trade Marks affected by the Irish Plain Packaging Bill can still be registered and shall not be revoked even though they cannot be used anymore as stated in Article 5 of the Irish Bill).

However, it is a fundamental principle of Trade Mark law that Trade Mark owners either use their Trade Marks or, eventually, lose their Trade Marks. This principle is designed to justify the monopoly in the Trade Mark and is axiomatic to Trade Mark law. Accordingly, Article 12 of the EU Trade Mark Directive (2008/95) provides: “[a] trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use”.

This provision is not optional, but rather compulsory. We therefore believe that the Irish Plain Packaging Bill not only contradicts fundamental principles of Trade Mark law, but also violates Article 12 of the EU Trade Mark Directive.

The Irish Plain Packaging Bill clearly undermines European Trade Mark law and the free movement of goods within the Union.

***The Irish plain packaging legislation does not respect international obligations.***

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<sup>3</sup> See in particular CJEU, 16 July 2009, C-202/08P and C-208/08P, *American Clothing Associations v OHIM*, para 40; CJEU, 29 September 1998, C-39/97, *Canon*, para 28; CJEU, 17 October 1990, C-10/89, *Hag II*, para 14; CJEU, 23 May 1978, 102/77, *Hoffmann-La Roche*, para 7.

<sup>4</sup> CJEU, 8 July 2010, C-558/08, *Portakabin v Primakabin*, para 30; CJEU, 25 March 2010, C-278/08, *BergSpechte*, para 31; CJEU (Grand Chamber), 23 March 2010, C-236/08 to C-238/08, *Google France*, para 77; CJEU, 18 June 2009, C-487/07, *L’Oréal v Bellure*, para 58.

<sup>5</sup> See in particular CJEU, 6 March 2014, C-409/12, *Kornspitz*; CJEU, 19 Dec 2012 *Leno Marken BV v Hagelkruis Beheer BV* Para 29, C-149/11

Notably, Article 20 of TRIPS agreement prohibits unjustifiable encumbrances to the use of Trade Marks; Article 7 of the Paris Convention, repeated in TRIPS article 15.4, highlights that protected Trade Marks used for lawful products should not be discriminated; Article 2.2 of the WTO TBT Agreement also requires that the states ensure technical regulations not to be prepared, adopted or supplied with a view to or with the effect of creating unnecessary obstacles to international trade.

These articles are clearly not respected with the Irish Plain Packaging Bill.

Taking into account previous statements signed and co-signed by APRAM and the above arguments, APRAM asks the EU Commission to take into account all these concerns and to urge the Irish Government to abandon its proposal that would set a bad precedent for Intellectual Property protection within the Union.



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More information about **APRAM** and its initiatives is available at <http://www.apram.com>