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Committee Secretary
Standing Committee on Health and Ageing
House of Representatives
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Dear Secretary

Inquiry into Tobacco Plain Packaging

We are pleased to provide the following submission to the Inquiry into Tobacco Plain Packaging by the House Standing Committee on Health and Ageing.

Our submission addresses the implications of the law of the World Trade Organization for the Tobacco Plain Packaging Bill 2011 (Cth) as introduced into the House of Representatives on 6 July 2011.

Please do not hesitate to contact us should you have any queries.

Yours faithfully

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I. Executive Summary

1. This submission addresses the implications of the law of the World Trade Organization ('WTO') for Australia's scheme for the plain packaging of tobacco products as envisaged in the Tobacco Plain Packaging Bill 2011 ('the Bill') as introduced into Parliament on 6 July 2011. The submission concludes that the Bill is fully compatible with all of Australia's WTO obligations, when the relevant WTO provisions are properly interpreted taking into account public health concerns.
2. Tobacco companies and others have claimed that mandatory plain packaging of tobacco products of the kind envisaged by the Bill would violate WTO law. These claims are contained in submissions to: (i) the Senate Community Affairs Legislation Committee in response to the Plain Tobacco Packaging (Removing Branding from Cigarette Packs) Bill 2009 (Cth) introduced into the Senate in August 2009; and (ii) the Department of Health and Ageing in response to the exposure draft of the Bill and associated consultation paper released in April 2011.¹ At least one submission² claims that the exposure draft of the bill is inconsistent the *General Agreement on Tariffs and Trade 1994* ('GATT 1994').³ Several submissions⁴ allege that plain packaging is inconsistent with: the *Agreement on Technical Barriers to Trade* ('TBT Agreement');⁵ the *Agreement on Trade-Related Aspects of Intellectual Property Rights* ('TRIPS Agreement');⁶ and provisions of the *Paris Convention for the Protection of Industrial Property* ('Paris Convention')⁷ that are incorporated into the TRIPS Agreement.
3. This submission examines in detail claims that plain packaging breaches particular WTO provisions and determines that, if enacted, the Bill would not breach:
 - a. Articles XI:1, III:4 or I:1 of the GATT 1994 because the Bill does not prohibit any imports and is non-discriminatory in law and fact, with a limited impact on international trade and a sound public health basis, as borne out by the World Health Organization ('WHO') *Framework Convention on Tobacco Control* ('FCTC')⁸ and its agreed implementing guidelines;
 - b. Article 2.1 of the TBT Agreement because the Bill is non-discriminatory in law and fact;
 - c. Article 2.2 of the TBT Agreement because of the Bill's limited impact on trade and its contribution to the legitimate objective of protecting public health;
 - d. Article 2.1 of the TRIPS Agreement (incorporating Articles 6*quinquies*(B) and 7 of the Paris Convention) or Article 15.4 of the TRIPS Agreement because those provisions concern trademark registration, whereas the Bill affects trademark use;
 - e. Article 17 of the TRIPS Agreement because the Bill does not affect the rights conferred by trademarks, which — as indicated in TRIPS Article 16 — are negative rights to prevent use by others rather than positive rights to use trademarks; or
 - f. Article 20 of the TRIPS Agreement because even assuming that the Bill would encumber trademarks with special requirements, that encumbrance is justifiable and indeed justified by relevant evidence including the public health objectives of the Australian government.

II. The Bill is Consistent with the GATT 1994

A. The Bill Contains No Quantitative Restriction: GATT Article XI:1

4. In its June 2011 submission to the Department of Health and Ageing, British American Tobacco Australia maintained that, in addition to violating the TRIPS Agreement, Paris Convention and TBT Agreement, plain packaging as envisaged in Australia would violate the GATT 1994 because 'it would prohibit the import of branded tobacco products not conforming to the plain packaging requirements'.⁹ This suggests a claim of violation of GATT Article XI:1, which precludes WTO Members from imposing 'prohibitions or restrictions other than duties, taxes or other charges on the importation of any product of the territory of any other Member'.
5. The exposure draft of the relevant legislation introduced offences and civil penalties for, *inter alia*, manufacturing, selling or importing non-compliant tobacco products or packaging.¹⁰ On its face, this might have suggested a violation of GATT Article XI:1 in the form of a prohibition of imports of certain products from all sources, including all WTO Members. However, as the prohibition applied not only to the importation of non-compliant products but also to their domestic manufacture and sale, it would arguably have been subject to GATT Article III (as discussed further below) to the exclusion of Article XI:1.¹¹ In any case, the current Bill no longer restricts the importation of tobacco products in regular packaging, thus enabling importers to import non-compliant products provided that they ensure compliance with the plain packaging requirements before the first wholesale or retail sale within Australia.¹² Accordingly, the Bill creates no concerns under Article XI:1.

B. The Bill is Non-Discriminatory: GATT Articles III:4 and I:1

6. For the sake of completeness, we now consider the application to the Bill of the primary non-discrimination provisions of the GATT 1994: Articles III (national treatment) and I (most-favoured nation ('MFN') treatment), although these provisions are not typically raised in submissions against Australia's plain packaging scheme.
7. Article III:4 relevantly provides:

The products of the territory of any Member imported into the territory of any other Member shall be accorded *treatment no less favourable than that accorded to like products of national origin* in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use. ...¹³

8. The Australian plain packaging requirements and associated offences themselves are expressed in non-discriminatory terms and would apply equally to domestic (that is, locally manufactured) and imported tobacco products. Indeed, as most tobacco products sold in Australia are locally manufactured,¹⁴ the burden of the Bill is likely to fall predominantly on domestic rather than imported products. Moreover, no de facto discrimination is likely to arise in the application of the Bill because all like products are included within the broad definition of 'tobacco product'.¹⁵ Thus, for example, cigarettes are treated no differently from cigars. For this reason, the Bill is consistent with Article III:4.

9. GATT Article I:1 relevantly requires, with respect to matters referred to in Article III:4 (that is, laws, regulations and requirements affecting sale etc):

Any advantage, favour, privilege or immunity granted by any Member to any product originating in ... any other country shall be accorded immediately and unconditionally to the like product originating in ... the territories of all other Members.

10. As the scheme will apply to all imported products regardless of source (with the Bill specifically contemplating that the implementing regulations will provide an exemption from the *Trans-Tasman Mutual Recognition Act 1997* (Cth), ensuring that imports from New Zealand are also covered),¹⁶ the Bill is consistent with the MFN obligation in GATT Article I:1.

C. The Bill is Necessary to Protect Human Life or Health: GATT Article XX(b)

11. Even if the Bill was inconsistent with GATT Articles I:1 or III:4 (or indeed Article XI:1), it would be saved under GATT Article XX, which contains important general exceptions to GATT disciplines. The most relevant exception is found in Article XX(b), which reads in conjunction with the overarching 'chapeau' to Article XX:

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any Member of measures: ...

(b) necessary to protect human, animal or plant life or health ...

12. In assessing whether an otherwise GATT-inconsistent measure was justified under GATT Article XX(b), a WTO Panel (the first level forum of dispute settlement in the WTO, analogous to a lower level court) would first consider whether it fell within the scope of and met the requirements of paragraph (b), before turning to consider whether it also satisfied the conditions of the chapeau.¹⁷ In summary, a panel would apply the necessity test under GATT Article XX(b) — or the corresponding provision in the *General Agreement on Trade in Services* ('GATS')¹⁸ (Article XIV(b)) — by considering:

the relevant factors, particularly the importance of the interests or values at stake, the extent of the contribution to the achievement of the measure's objective, and its trade restrictiveness. If this analysis yields a preliminary conclusion that the measure is necessary, this result must be confirmed by comparing the measure with possible alternatives ... This comparison should be carried out in the light of the importance of the interests or values at stake.¹⁹

It rests upon the complaining Member to identify possible alternatives ... [I]n order to qualify as an alternative, a measure ... must be not only less trade restrictive than the measure at issue, but should also 'preserve for the responding Member its right to achieve its desired level of protection with respect to the objective pursued'. ... If the responding Member demonstrates that the measure proposed ... is not a genuine alternative or is not 'reasonably available', ... the measure at issue is necessary.²⁰

13. The necessity test would apply to the Bill as follows:
- a. The WTO Appellate Body (the second level forum for dispute settlement in the WTO, analogous to an appellate court) has described the interest or objective pursued by the Bill, namely 'the preservation of human life and health', as 'both vital and important in the highest degree'.²¹
 - b. The Bill will contribute significantly to that objective.²² A respondent attempting to justify its measure as necessary under GATT Article XX must show that the measure 'brings about a *material contribution* to the achievement of its objective', as opposed to a 'marginal or insignificant contribution'.²³ Put differently, a measure relevantly contributes to its objective for the purposes of the GATT Article XX necessity test 'when there is a genuine relationship of ends and means between the objective pursued and the measure at issue', and the degree of the contribution may be assessed 'either in quantitative or in qualitative terms'.²⁴ Furthermore, the Appellate Body has indicated that, in justifying a measure under GATT Article XX, a Member may rely 'on scientific sources which ... may represent a divergent, but qualified and respected, opinion. A Member is not obliged, in setting health policy, automatically to follow what ... may constitute a majority scientific opinion.'²⁵ Australia's commitment to the WHO FCTC and its guidelines²⁶ also lends weight to Australia's argument that plain packaging contributes to its health objectives and that Australia is pursuing plain packaging in order to promote those objectives. The Appellate Body has previously relied on multilateral non-WTO sources as factual references or in determining the ordinary meaning of terms in WTO provisions²⁷ in accordance with Article 31(1) of the *Vienna Convention on the Law of Treaties* ('VCLT'),²⁸ which provision has long been accepted as applying to the interpretation of the WTO agreements in WTO disputes.²⁹
 - c. The plain packaging requirements contained in the Bill apply equally to all tobacco products from all sources and do not preclude importation of any products³⁰ or otherwise restrict international trade. Weighing and balancing this low degree of trade-restrictiveness against the significant contribution that plain packaging makes to its public health objective, in the light of the importance of that objective,³¹ leads to a preliminary conclusion that plain packaging is necessary.
 - d. This preliminary conclusion is confirmed by the fact that no reasonably available, less trade-restrictive alternative to plain packaging exists that would make an equal contribution to the public health objective of the Bill, particularly when this comparison is undertaken in the light of the importance of that objective.³² The Appellate Body has recognised that a proposed alternative to the challenged measure cannot be a complementary measure that is already in place.³³ Australia already has a world-leading and comprehensive system of tobacco control,³⁴ and plain packaging is the next step in that system. In the words of the Appellate Body:

[C]ertain complex public health or environmental problems may be tackled only with a comprehensive policy comprising a multiplicity of interacting measures.³⁵

Substituting one element of this comprehensive policy for another would weaken the policy by reducing the synergies between its components, as well as its total effect.³⁶

14. Accordingly, the Bill appears necessary to protect human life or health within the meaning of paragraph (b) of GATT Article XX. Moreover, as regards the chapeau to Article XX, nothing inherent in plain packaging or evidenced in the Bill suggests that plain packaging would be applied in an arbitrary or discriminatory manner or pursued as a disguised restriction on international trade. The Bill therefore satisfies the chapeau requirements and, on balance, the claim that it would be inconsistent with any of Australia's obligations under the GATT 1994 cannot succeed.

III. The Bill is Consistent with the TBT Agreement

15. Below, we first explain why the TBT Agreement rather than the *Agreement on the Application of Sanitary and Phytosanitary Measures* ('SPS Agreement')³⁷ would apply to plain packaging of tobacco products under the Bill. After confirming that the TBT Agreement would apply to the Bill, if enacted, as a technical regulation, we explain why the Bill is consistent with that agreement, and in particular Article 2.2.

A. The SPS Agreement Does Not Apply

16. The TBT Agreement does not apply to sanitary and phytosanitary ('SPS') measures³⁸ as defined in the SPS Agreement. Thus, the two agreements are mutually exclusive, with the SPS Agreement taking precedence as regards measures falling within its scope. The question therefore arises whether the Bill, if enacted, would constitute an SPS measure subject to the SPS Agreement. The definition of SPS measures in SPS Annex A encompasses measures applied for one of the following four purposes:
 1. (a) to protect animal or plant life or health . . . from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
 - (b) to protect human or animal life or health . . . from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
 - (c) to protect human life or health . . . from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or
 - (d) to prevent or limit other damage within the territory of the Member from the entry, establishment or spread of pests.
17. Plain packaging under the Bill does not fall within any of these sub-paragraphs. Paragraph 1(a) of Annex A is inapplicable because plain packaging is designed to protect *human* rather than animal or plant life or health. Paragraph 1(b) is inapplicable because tobacco products are not 'foods, beverages or feedstuffs'.³⁹ Paragraph 1(c) is inapplicable because although tobacco products create risks to human life or health through diseases, these risks do not arise from diseases *carried* by animals, plants or the products themselves. Paragraph 1(d) is inapplicable

because tobacco products do not constitute pests and their potential harmfulness is unrelated to pests. Accordingly, plain packaging is not an SPS measure subject to the SPS Agreement.

B. If Enacted, the Bill Will Be a Technical Regulation Covered by the TBT Agreement

18. Australia's plain packaging measure (in the form of the Bill, if enacted, in conjunction with regulations expected to be made thereunder) will be subject to the TBT Agreement if it meets the following definition of a 'technical regulation':

Document which lays down *product characteristics* or their related processes and production methods, including the applicable administrative provisions, with which compliance is *mandatory*. It may also include or deal exclusively with terminology, symbols, *packaging*, marking or *labelling* requirements as they apply to a product, process or production method.⁴⁰

19. In addition, the Appellate Body has indicated that a technical regulation must apply to 'an *identifiable* product, or group of products'.⁴¹

20. If enacted, the Bill would be subject to the TBT Agreement as a technical regulation because:

- a. It will apply to an identifiable group of products, namely tobacco products as defined in the Bill.⁴²
- b. It will lay down product characteristics in positive and/or negative form,⁴³ including characteristics dealing with packaging or labelling requirements, for example prohibiting the use of or specifying conditions for any trademark on packaging or tobacco products, and imposing requirements regarding the appearance of tobacco products, packaging, or words and signs on packaging.⁴⁴
- c. It will be mandatory, establishing a number of offences and civil penalties for non-compliance.⁴⁵

C. The Bill is Not More Trade-Restrictive than Necessary: TBT Article 2.2

21. As explained above, the Bill is unlikely to breach the national treatment and MFN obligations in GATT Articles III:4 and I:1 respectively. For the same reasons, the Bill is likely to be consistent with the national treatment and MFN obligations contained in Article 2.1 of the TBT Agreement.⁴⁶

22. The TBT provision worth closer examination in the context of plain packaging is Article 2.2, which provides:

Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade. For this purpose, technical regulations shall not be more trade-restrictive than necessary to fulfil a legitimate objective, *taking account of the risks non-fulfilment would create*. Such *legitimate objectives* are, *inter alia*: . . . protection of *human health* or safety . . . In assessing such risks, relevant elements of consideration are, *inter alia*: available scientific

and technical information, related processing technology or intended end-uses of products.⁴⁷

23. Article 2.2 of the TBT Agreement has not yet been applied in a completed WTO dispute.⁴⁸ However, according to media reports, the Panel in a confidential report recently released to the parties rejected a claim by Indonesia that a United States ban on flavoured tobacco products is more trade-restrictive than necessary to achieve its health objectives under TBT Article 2.2.⁴⁹ When publicly released, that report is likely to provide significant insights into the application of Article 2.2 to plain packaging. However, given the similarity in wording and intention between TBT Article 2.2 and GATT Article XX(b), one can expect that similar considerations to those discussed above in relation to the GATT Article XX necessity test will apply.⁵⁰ For reasons already explained, these considerations suggest that the Bill is neither an unnecessary obstacle to international trade nor more trade-restrictive than necessary. Moreover, unlike GATT Article XX, TBT Article 2.2 imposes an *obligation* rather than offering a defence or *exception*, so the burden of proof would fall on the *complainant* to show that plain packaging was unnecessary or otherwise inconsistent with Article 2.2.⁵¹

IV. The Bill is Consistent with the TRIPS Agreement

24. As noted above, several submissions suggest that the Bill and analogous measures could be contrary to the TRIPS Agreement.⁵² However, one opinion in particular deserves special consideration, as it was prepared in 2010 by respected IP academic, Professor Daniel Gervais of Vanderbilt University Law School (for Japan Tobacco International).⁵³ Gervais concludes that, '[t]o the extent that the WTO Member [such as Australia] cannot satisfy the burden of showing that ... plain packaging ... will achieve its legitimate public policy objectives, the measure can be expected to be found incompatible with TRIPS'.⁵⁴
25. Below, we examine in detail the reasoning and conclusions of the Gervais report. We begin with certain provisions that Gervais relies on in establishing other breaches (which provisions some have argued are directly breached by plain packaging):⁵⁵ specifically, Articles 2.1, 15.4 and 17 of the TRIPS Agreement. We then turn to a close analysis of TRIPS Article 20, which Gervais suggests may be breached by plain packaging. Although Article 20 does appear to provide the basis for a more arguable claim against plain packaging, in our view a strong argument exists, backed by existing evidence, that plain packaging does not breach that provision.

A. The Bill Does Not Affect Trademark Registration: TRIPS Articles 2.1 and 15.4

26. Article 2.1 of the TRIPS Agreement provides that WTO 'Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967)' in respect of Parts II, III and IV of the TRIPS Agreement. TRIPS Article 2.2 continues that '[n]othing in Parts I to IV of [the TRIPS Agreement] shall derogate from existing obligations that Members may have to each other under the Paris Convention' or certain other treaties. Thus, as a party to the Paris Convention as well as a Member of the WTO, Australia is obliged to comply with the Paris Convention as a matter of international law with respect to other Paris Convention parties, and it is also

obliged to comply with the Paris Convention provisions incorporated into the TRIPS Agreement by virtue of TRIPS Article 2.1.⁵⁶

27. Article 6*quinquies*(B) of the Paris Convention, which provision is incorporated into the TRIPS Agreement pursuant to TRIPS Article 2.1, provides:

Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases:

- (i) when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;
- (ii) when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;
- (iii) when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public. ...

28. Tobacco trademarks in the abstract would not fall under the first or second paragraphs of Article 6*quinquies*(B). As for the third paragraph, Gervais states that 'this Article could not provide a justification for restricting tobacco trademarks generally'.⁵⁷ However, it could indeed be used to restrict certain deceptive trademarks, such as marks that use the words 'light', 'mild' or 'smooth' or particular colours (such as white)⁵⁸ in connection with cigarettes in a manner that is likely to deceive the consumer into believing that those cigarettes are more healthy than any others.⁵⁹

29. Moreover, as the Director-General of the World Intellectual Property Organization ('WIPO') himself confirmed to the head of the WHO as far back as 1995 (mirroring statements made by WIPO in 1994 in response to tobacco industry requests),⁶⁰ Article 6*quinquies*(B) is directed not towards the *use* of trademarks but towards their registration and validity (with invalidation referring to the cancellation of a trademark following registration).⁶¹ The Bill does not prevent the registration of new trademarks or require the invalidation of any registered trademarks.⁶² Indeed, the Bill specifically provides that the fact that a person is prevented from using their trademark on tobacco products due to plain packaging requirements is not a circumstance that makes it reasonable or appropriate to decline to register or to revoke registration of a trademark under Australian law.⁶³ Thus, while Article 6*quinquies*(B) may not provide a justification for plain packaging, it does not preclude plain packaging. This is so despite the contention in the Gervais report that 'the *spirit* of the Paris Convention is to permit use'.⁶⁴

30. Article 15.4 of the TRIPS Agreement similarly relates to registration of trademarks, reproducing Article 7 of the Paris Convention to specify 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.

31. Although Gervais does not suggest that plain packaging per se would be inconsistent with TRIPS Article 15.4 or Paris Convention Article 7, he sees Article 7 as ‘an indicator that the *spirit* of the Paris Convention is to permit the use of marks’.⁶⁵ Yet, according to IP authority Carlos Correa, the negative nature of trademark rights as discussed in the next section means that ‘Article 15.4 ... cannot be interpreted as preventing a Member from limiting or prohibiting the use of trademarks for the commercialization of goods or services based on *public health*, security, or other reasons’.⁶⁶

B. The Bill Does Not Affect the Negative Rights of Trademark Owners: TRIPS Article 17

32. Whether the Paris Convention or the TRIPS Agreement provide trademark owners with a right to use their mark becomes crucial in assessing the application of TRIPS Article 17 to plain packaging. 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.

33. Plain packaging does not fall within the scope of Article 17 because it does not affect the rights conferred by a trademark.⁶⁷ As the Gervais report acknowledges, the TRIPS Agreement does not explicitly grant trademark owners a right to use their trademark.⁶⁸ Rather, Article 16.1 provides:

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. ...⁶⁹

34. Thus, trademark rights are negative rights: ‘rights to exclude, rather than to use’,⁷⁰ and ‘Article 17 is about limiting the rights of trademark owners to prevent others from using signs similar or identical to the protected marks’.⁷¹ Gervais nevertheless maintains that ‘the *spirit* of TRIPS is to allow the use of marks’.⁷² (Similarly, Annette Kur wrote in 1996 that ‘a total ban against the use of tobacco trade marks on other products ... would contradict, not the letter, but the *spirit* of international conventions’.)⁷³ One reason Gervais offers for this view is TRIPS Article 19.1, which provides:

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. 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.

35. Yet this provision indicates that: (i) the TRIPS Agreement itself does not require use to maintain registration (rather, this is left to domestic regulatory systems); and (ii) even if a

Member conditions the maintenance of registration on use, the Member must accept government requirements as valid reasons justifying non-use. Gervais posits as an 'arguabl[e] interpretation of Article 19.1 that registration can be maintained where 'measures ... of a *temporary nature*' preclude use of a trademark.⁷⁴ However, a more plausible interpretation of Article 19.1 recognises its focus on *preventing* cancellation of registration on the basis of non-use. Hence, a Member that conditions maintenance of registration on use cannot cancel the registration of a trademark until 'at least' three uninterrupted years of non-use have elapsed,⁷⁵ and even if that period is satisfied cancellation cannot take place if the trademark owner demonstrates obstacles to use. In that context, and given that the list of valid reasons for non-use is non-exhaustive (as indicated by the words 'such as'),⁷⁶ the suggestion that non-use can be justified by only *temporary* government requirements preventing use seems misplaced. Nor is it supported by the explicit reference in Article 19.1 to import restrictions on goods or services protected by a trademark as an example of a valid reason for non-use; nothing in Article 19.1 suggests that such restrictions must be merely temporary, and if imports of particular products are restricted for a given policy reason one might expect the restriction to persist.

36. Gervais also points to TRIPS Articles 20 and 21 to support his understanding of the 'spirit' of the TRIPS Agreement as permitting trademark owners to use their trademarks.⁷⁷ Article 20 does circumscribe the kinds and extent of restrictions that can be placed on trademark use, as discussed further below. However, this does not mean that other TRIPS provisions similarly preclude restrictions on use; on the contrary, the drafters of the TRIPS Agreement used distinct language in describing how Members may restrict trademark use (Article 20)⁷⁸ and how Members may restrict trademark registration (Article 15.4). Article 21 does exclude 'compulsory licensing of trademarks', but this merely confirms the negative right conferred by a trademark pursuant to Article 16.1 — as Gervais states, 'WTO Members may not allow a *third party* to use a trademark without the owner's consent'.⁷⁹
37. Gervais relies on a statement by the WTO Panel⁸⁰ in *EC – Trademarks and Geographical Indications (Australia)*⁸¹ to the effect that a 'trademark owner has a legitimate interest in preserving the distinctiveness ... of its trademark', including an 'interest in using its own trademark in connection with the relevant goods and services'.⁸² In making this statement, the Panel was describing the legitimate interests of a trademark owner pursuant to TRIPS Article 17, rather than defining the rights conferred by a trademark. Indeed, the Panel prefaced its statement by stating that '[a]lthough [the TRIPS Agreement] sets out standards for legal rights, it also provides guidance as to WTO Members' shared understandings of the policies and norms relevant to trademarks and, hence, what might be the legitimate interests of trademark owners'.⁸³ Further, the same Panel described as a 'fundamental feature of [IP] protection' the fact that the TRIPS Agreement '*does not generally provide for the grant of positive rights to exploit or use certain subject matter, but rather provides for the grant of negative rights to prevent certain acts*'.⁸⁴ The Panel also specifically confirmed that the right conferred under TRIPS Article 16.1 'belongs to the owner of the registered trademark alone, who may exercise it to *prevent* certain uses by "all third parties" not having the owner's consent'.⁸⁵ This Panel Report was not appealed.

38. Elsewhere in the Panel Report (in paragraphs footnoted but not discussed in the Gervais report),⁸⁶ the Panel rejected the argument of the European Communities⁸⁷ that the reference in Article 24.5 of the TRIPS Agreement to ‘the right to use a trademark’ confers such a right:

If the drafters had intended to grant a positive right, they would have used positive language. ... Even if the TRIPS Agreement does not expressly provide for a ‘right to use a trademark’ elsewhere, this does not mean that a provision that measures ‘shall not prejudice’ that right provides for it instead. The right to use a trademark is a right that Members may provide under national law. This is the right saved by Article 24.5 where it provides that certain measures ‘shall not prejudice ... the right to use a trademark’.⁸⁸

39. 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’.⁸⁹ This is not a matter of mere semantics: the TRIPS Agreement generally frames trademark and other IP rights as negative rights precisely to allow Members to pursue legitimate non-IP-related public policies⁹⁰ such as promoting public health.

C. The Bill Does Not Unjustifiably Encumber Trademarks: TRIPS Article 20

Expert Opinions Support Tobacco Trademark Restrictions as Justifiable

40. Article 20 of the TRIPS Agreement 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. ...

41. Some uncertainty exists regarding whether plain packaging ‘encumber[s]’ the use of a trademark by ‘special requirements’.⁹¹ For the purpose of the present submission, we assume without conceding that it does so. Further, we agree with Gervais and others that ‘[t]he three examples of special requirements given in Article 20 ... are not *necessarily* unjustified’.⁹² The opposite interpretation⁹³ would deprive the word ‘unjustifiably’ of any meaning, contrary to the principle of effectiveness, which the WTO Appellate Body has repeatedly recognised as applicable in WTO disputes.⁹⁴
42. The key question in assessing the Bill under TRIPS Article 20 therefore becomes whether the resulting encumbrance on the use of tobacco marks is ‘justifiabl[e]’. Leading trademarks expert Nuno Pires de Carvalho of WIPO has explained that, on its own terms, ‘the test of justifiability [in Article 20] ... is not constrained by legitimate interests of trademark owners’ (in contrast to Article 17, where these interests are expressly mentioned).⁹⁵ Indeed:

Article 20 ... permits justifiable special requirements that ... cause marks to suffer economic loss of value—such as tobacco ... brands.⁹⁶

[T]o ban the use of trademarks would be the ultimate encumbrance, and where justified, it could not be challenged under the TRIPS Agreement, even though it would be seriously detrimental to the (legitimate) interests of the trademark owners.⁹⁷

43. Similarly, renowned IP scholar Jayashree Watal (Counsellor in the WTO's IP Division) has described as 'exaggerated' fears about 'introducing special requirements on cigarette ... labels or packaging' because 'Article 20 allows for justifiable encumbrances and these can be considered as permitted by TRIPS language'.⁹⁸ Finally, Correa has written that 'conditions imposed with an aim to warn the public about the effects of the use of a product (eg tobacco) or restricting the use of trademarks' would be 'justifiable for public health reasons' under TRIPS Article 20.⁹⁹

TRIPS Articles 7 and 8 and the Doha Declaration Provide Relevant Context, Object and Purpose in Interpreting TRIPS Article 20

44. In determining whether a given encumbrance is justifiable for the purposes of Article 20, guidance may be found in Articles 7 and 8, which set out the objectives and principles of the TRIPS Agreement respectively. Article 7 acknowledges the need to protect and enforce IP rights 'in a manner conducive to social and economic welfare, and to a balance of rights and obligations', while Article 8.1 recognises that 'Members may ... adopt measures necessary to protect public health ... provided that such measures are consistent with' the TRIPS Agreement. Gervais is correct in stating that Article 8 does not *amend* Article 20.¹⁰⁰ Nevertheless, Articles 7 and 8 are certainly relevant in interpreting Article 20 as they represent relevant 'context' as well as shedding light on the 'object and purpose' of the TRIPS Agreement, pursuant to Article 31(1) of the VCLT. Thus, a WTO Panel has recognised that 'the goals and the limitations stated in Articles 7 and 8.1 must obviously be borne in mind' in interpreting TRIPS Article 30,¹⁰¹ and Watal has pointed out the relevance of Article 8 in interpreting TRIPS Article 20.¹⁰²
45. The Doha Declaration on TRIPS and Public Health¹⁰³ is also relevant in interpreting Article 20, although again Gervais is correct that it does not *amend* that provision.¹⁰⁴ In that declaration, the WTO Ministerial Conference (comprising representatives of all WTO Members) stated:

We agree that the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health. Accordingly, while reiterating our commitment to the TRIPS Agreement, we affirm that the Agreement can and should be interpreted and implemented in a manner supportive of WTO Members' right to protect public health ...

[W]e recognize that ... [i]n applying the customary rules of interpretation of public international law, each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles [in Articles 7 and 8].¹⁰⁵

46. In our view¹⁰⁶ (and contrary to that of Gervais),¹⁰⁷ this amounts to an authoritative interpretation of the TRIPS Agreement pursuant to Article IX:2 of the *Marrakesh Agreement Establishing the World Trade Organization*.¹⁰⁸ And, in any case, it constitutes a 'subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions', which must therefore be taken into account in interpreting the TRIPS Agreement pursuant to Article 31(3)(a) of the VCLT.¹⁰⁹
47. Interpreting TRIPS Article 20 in the light of Articles 7 and 8 and the Doha Declaration, it seems incontrovertible that a public health objective could justify an encumbrance under TRIPS

Article 20. As the Panel stated in *EC – Trademarks and Geographical Indications (Australia)*, the principles in Article 8.1 in particular are crucial in ensuring that Members have ‘freedom to pursue legitimate public policy objectives since many measures to attain those public policy objectives lie outside the scope of [IP] rights and do not require an exception under the TRIPS Agreement’.¹¹⁰ On one view, the mere fact that public health is a legitimate policy objective from the perspective of the WTO (as reflected in Articles 7 and 8 and the Doha Declaration) means that plain packaging is justifiable as long as it is pursued to achieve that objective.¹¹¹

Approach to GATT Article XX and GATS Article XIV Provides Guidance in Applying TRIPS Article 20

48. Assuming that something more than a legitimate underlying policy objective is required for a measure to be justifiable, the relevant inquiry is whether the purpose and effect of the Bill justify the resulting encumbrance on trademarks. In resolving that question, in the absence of relevant jurisprudence on TRIPS Article 20 itself, the case law on the general exceptions provisions of both the GATT 1994 (Article XX) and the GATS (Article XIV) may be instructive. Neither the reasoning nor the conclusions in those cases are strictly binding in subsequent cases,¹¹² but they are nevertheless persuasive and ‘create legitimate expectations among WTO Members’.¹¹³ Moreover, the Appellate Body has frequently referred to its own decisions concerning provisions in one WTO agreement in interpreting analogous provisions in another WTO agreement.¹¹⁴ Accordingly, the line of reasoning that has developed in these cases, as discussed above in application to the Bill,¹¹⁵ provides a useful indication of how a Panel or the Appellate Body might approach the question of whether the Bill is justifiable pursuant to TRIPS Article 20.
49. In considering what the case law on GATT Article XX and GATS Article XIV might suggest in the context of TRIPS Article 20, we must determine the applicable burden of proof. According to Gervais, the party invoking ‘an exception to TRIPS (such as under [TRIPS] Article 20)’ bears the burden of demonstrating that its measure falls within that exception.¹¹⁶ We disagree. Although determining and imposing the burden of proof in WTO disputes is fraught with difficulty and heavily nuanced,¹¹⁷ the basic test for assigning the burden can be simply stated: ‘the burden of proof rests upon the party, whether complaining or defending, who asserts the affirmative of a particular claim or defence’.¹¹⁸ Thus, a respondent seeking to justify a measure under GATT Article XX or GATS Article XIV bears the burden of proving that its measure meets the conditions of the relevant exception.¹¹⁹ In contrast to those two provisions, TRIPS Article 20 imposes an *obligation* rather than providing an *exception*. Specifically, Article 20 obliges WTO Members not to unjustifiably encumber by special requirements the use of a trademark in the course of trade. A Member claiming that Australia’s plain packaging measure violates Article 20 would therefore bear the burden of proving that the measure is unjustifiable within the meaning of that provision:¹²⁰ ‘a responding Member’s law will be treated as WTO-consistent until proven otherwise’.¹²¹
50. Accordingly, although similar considerations to those applicable under GATT Article XX and GATS Article XIV may apply pursuant to TRIPS Article 20, the latter provision is quite distinct from the former two and the burden of proof is reversed. Moreover, the requirements for a measure to be ‘necessary’ within the meaning of one of the paragraphs of GATT Article XX or

GATS Article XIV are arguably more stringent than those for a measure to be 'justifiable' within the meaning of TRIPS Article 20: "Justifiable" ... gives more freedom to WTO Members than "necessary".¹²² In addition, the strict requirements of the *chapeaux* to GATT Article XX and GATS Article XIV find no equivalent in TRIPS Article 20: Article 20 does not state that a measure encumbering a trademark must not be 'applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination ... or a disguised restriction on international trade'.¹²³

51. In any case, even if the test used to assess necessity under relevant paragraphs of GATT Article XX were transposed to TRIPS Article 20, along with the requirements of the *chapeau*, and even if Australia was expected to demonstrate that plain packaging was necessary pursuant to that test and met the *chapeau* requirements, it could do so with relative ease, as already explained.¹²⁴
52. We nevertheless consider how the necessity test under GATT Article XX(b) might apply or be modified in the context of TRIPS Article 20. Two of the factors to be balanced in assessing necessity must be considered:
 - a. As regards the contribution of the measure to its objective, Gervais is incorrect in suggesting that the challenged measure must be '*reasonably expected to achieve* the stated objective' or that the respondent must show that its measure '*will achieve* its legitimate public policy objectives' in order for the measure to qualify as necessary or justifiable and therefore consistent with TRIPS Article 20.¹²⁵ The test is instead as explained above:¹²⁶ Australia would need to show that the Bill makes a material contribution to the achievement of its health objectives, and provide a qualitative or quantitative indication of the degree of that contribution, rather than showing that the Bill will necessarily or is reasonably expected to achieve any particular objective.
 - b. It could be argued that the aspect of the necessity test in GATT Article XX that assesses the trade-restrictiveness of the measure should be modified in the context of TRIPS Article 20 to assess instead the extent to which the measure restricts IP rights. (Perhaps this is what Gervais intends in suggesting that a 'major' encumbrance requires a higher level of justification under TRIPS Article 20.)¹²⁷ However, as the TRIPS Agreement establishes a 'balance of rights and obligations',¹²⁸ under that approach the values of socio-economic welfare and public health should still be taken into account. Therefore, the Bill does not unjustifiably encumber trademarks within the meaning of TRIPS Article 20 and does not breach that provision.

¹ Australian Government, *Tobacco Plain Packaging Bill 2011 – Exposure Draft* (7 April 2011); Australian Government, *Consultation Paper: Tobacco Plain Packaging Bill 2011 – Exposure Draft* (7 April 2011).

² British American Tobacco Australia, *Submission on the Tobacco Plain Packaging Bill 2011* (6 June 2011) 9.

³ *General Agreement on Tariffs and Trade*, LT/UR/A-1A/1/GATT/2 (signed 30 October 1947), as incorporated in *Marrakesh Agreement Establishing the World Trade Organization*, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) ('Marrakesh Agreement') Annex 1A.

⁴ See, eg, Imperial Tobacco Australia Limited, *Submission to the Senate Community Affairs Legislation Committee for the inquiry into the Plain Tobacco Packaging (Removing Branding from Cigarette Packs) Bill 2009*

(April 2010) 24-25; British American Tobacco Australasia, *British American Tobacco Australia Submission to the Senate Inquiry into Plain Tobacco Packaging (Removing Branding from Cigarette Packs) Bill 2009* (6 May 2010) 9-10; Philip Morris Limited, *Submission to the Senate Community Affairs Legislation Committee Inquiry into Plain Tobacco Packaging (Removing Branding from Cigarette Packs) Bill 2009* (30 April 2010) 4-5; Sidley Austin LLP, *Proposed Legislation Pending Before the Australian Parliament on Cigarette Packaging Would Be Inconsistent with Australia's Trade Obligations: Attachment 2 to the Submission by Philip Morris Limited to the Senate Community Affairs Legislation Committee* (30 April 2010) 2-6; Gabriël Moens and John Trone, *Report on the Consistency of a Proposed Plain Packaging Requirement with Australia's International Obligations: Attachment 3 to the Submission by Philip Morris Limited to the Senate Community Affairs Legislation Committee* (30 April 2010) 1-9; Lalive Lawyers, *Why Plain Packaging is in Violation of WTO Members' International Obligations under TRIPS and the Paris Convention: Attachment 3 to the Submission by Philip Morris Limited to the Senate Community Affairs Legislation Committee* (23 July 2009) [16]-[45]; JTI, *JTI's response to the Australian Government's Consultation Paper on the Tobacco Plain Packaging Bill 2011 Exposure Draft* (2 June 2011) [5.14]-[5.19]; Patrick Basham and John Luik, *Public Consultation on Plain Packaging of Tobacco Products: Submission to the Department of Health and Ageing* (June 2011) 2-24.

⁵ Marrakesh Agreement Annex 1A.

⁶ Ibid Annex 1C.

⁷ Stockholm Act, 14 July 1967.

⁸ 2302 UNTS 166 (adopted 21 May 2003, entered into force 27 February 2005).

⁹ British American Tobacco Australia, *Submission on the Tobacco Plain Packaging Bill 2011* (6 June 2011) 9.

¹⁰ Australian Government, *Tobacco Plain Packaging Bill 2011 – Exposure Draft* (7 April 2011), cl 20, 22, 24, 26, 27, 28, 33.

¹¹ GATT 1994 Ad Article III. See also Panel Report, *European Communities – Measures Affecting Asbestos and Asbestos-Containing Products*, WT/DS135/R, Add.1 (adopted 5 April 2001) [8.99]-[8.100]. Cf Panel Report, *India – Measures Affecting the Automotive Sector*, WT/DS146/R, WT/DS175/R, Corr 1, (adopted 5 April 2002) [7.224]; Peter Van den Bossche, *The Law and Policy of the World Trade Organization: Text, Cases and Materials* (Cambridge University Press, 2nd ed, 2008) 347.

¹² Parliament of the Commonwealth of Australia, House of Representatives, *Tobacco Plain Packaging Bill 2011: Explanatory Memorandum* (6 July 2011) 3.

¹³ Emphasis added.

¹⁴ Margaret Winstanley, 'Chapter 14: The Tobacco Industry in Australian Society' in Michelle Scollo and Margaret Winstanley (eds), *Tobacco in Australia: Facts and Issues* (Cancer Council Victoria, 3rd ed, 2008) 9, 11-15.

¹⁵ Tobacco Plain Packaging Bill 2011 (Cth) cl 4. An exclusion applies to products in the Australian Register of Therapeutic Goods maintained under the *Therapeutic Goods Act 1989*, which may contain nicotine but not tobacco and are designed to assist people to cease smoking: Parliament of the Commonwealth of Australia, House of Representatives, *Tobacco Plain Packaging Bill 2011: Explanatory Memorandum* (6 July 2011) 9.

¹⁶ Tobacco Plain Packaging Bill 2011 (Cth) cl 109. Exemptions are currently available for up to 12 months. We understand that the Australian government envisages that either a permanent exemption will be obtained or New Zealand requirements will be introduced to conform to the Australian requirements before the end of that period.

¹⁷ Appellate Body Report, *United States – Import Prohibition of Certain Shrimp and Shrimp Products*, WT/DS58/AB/R (adopted 6 November 1998) [118]-[119] ('US – Shrimp'); *United States – Standards for Reformulated and Conventional Gasoline*, WT/DS2/AB/R (adopted 20 May 1996) 22 ('US – Gasoline').

¹⁸ Marrakesh Agreement Annex 1B.

¹⁹ Appellate Body Report, *Brazil – Measures Affecting Imports of Retreaded Tyres*, WT/DS332/AB/R (adopted 17 December 2007) [178] ('Brazil – Retreaded Tyres'). See also Appellate Body Report, *China – Measures Affecting the Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products*, WT/DS363/AB/R (adopted 19 January 2010) [241]-[242] ('China – Publications and Audiovisual Products'); Appellate Body Report, *United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, WT/DS285/AB/R (adopted 20 April 2005) [306]-[307] ('US – Gambling').

²⁰ Appellate Body Report, *Brazil – Retreaded Tyres*, [156], quoting Appellate Body Report, *US – Gambling*, [308], [311].

²¹ Appellate Body Report, *European Communities – Measures Affecting Asbestos and Asbestos-Containing Products*, WT/DS135/AB/R (adopted 5 April 2001) [172] ('EC – Asbestos').

²² See, eg, WHO, *Report on the Global Tobacco Epidemic 2011: Warning about the Dangers of Tobacco* (WHO, 2011) 22; WHO, *Submission to the Department of Health and Ageing Re: Australia Plain Packaging Legislation* (2011) 6; Quit Victoria, Cancer Council Victoria, *Plain packaging of tobacco products: a review of the evidence* (May 2011); Quit Victoria and the VicHealth Centre for Tobacco Control, *Tobacco Plain Packaging Bill 2011: Submission on the Exposure Draft and Consultation Paper* (6 June 2011) 3-4; Parliament of the Commonwealth of Australia, House of Representatives, *Tobacco Plain Packaging Bill 2011: Explanatory Memorandum* (6 July 2011) 1-2.

²³ Appellate Body Report, *Brazil – Retreaded Tyres*, [150], [151] (emphasis added).

²⁴ *Ibid* [145], [146]. See also Van den Bossche, above n 11, 820 (applying analogous reasoning to the TBT Agreement).

²⁵ Appellate Body Report, *EC – Asbestos*, [178].

²⁶ See, eg, WHO FCTC Articles 11, 13; *Guidelines for implementation of Article 11 of the WHO Framework Convention on Tobacco Control (Packaging and labelling of tobacco products)*, [46]; *Guidelines for implementation of Article 13 of the WHO Framework Convention on Tobacco Control (Tobacco advertising, promotion and sponsorship)*, [17]. See also WHO, *Statement of the World Health Organization: WTO TRIPS Council* (7 June 2011) 3-5; WHO FCTC, Fourth Session of the Conference of the Parties, *Punta del Este Declaration on the Implementation of the WHO Framework Convention on Tobacco Control*, FCTC/COP4(5) (19 November 2010) [4].

²⁷ See, eg, Appellate Body Report, *US – Shrimp*, [41], [130]-[132], [167]-[169]; Appellate Body Report, *United States – Import Prohibition of Certain Shrimp and Shrimp Products – Recourse to Article 21.5 of the DSU by Malaysia*, WT/DS58/AB/RW (adopted 21 November 2001) [130] (*‘US – Shrimp (Article 21.5 – Malaysia)’*). See also Appellate Body Report, *European Communities – Conditions for the Granting of Tariff Preferences to Developing Countries*, WT/DS246/AB/R (adopted 20 April 2004) [163] (*‘EC – Tariff Preferences’*); Panel Report, *European Communities – Measures Affecting the Approval and Marketing of Biotech Products*, WT/DS291/R, WT/DS292/R, WT/DS293/R, Add 1-9, and Corr 1 (adopted 21 November 2006), [7.92], [7.94]; Gabrielle Marceau, *‘WTO Dispute Settlement and Human Rights’* (2002) 13(4) *European Journal of International Law* 753, 791; Joost Pauwelyn, *Conflict of Norms in Public International Law: How WTO Law Relates to Other Rules of International Law* (Cambridge University Press, 2003) 269; Campbell McLachlan, *‘The Principle of Systemic Integration and Article 31(3)(c) of the Vienna Convention’* (2005) 54 *International & Comparative Law Quarterly* 279, 315; Tania Voon, *Cultural Products and the World Trade Organization* (Cambridge University Press, 2007) 130-134.

²⁸ 1155 UNTS 331 (adopted 22 May 1969).

²⁹ DSU Article 3.2; Appellate Body Report, *US – Gasoline*, 16-17.

³⁰ See above n 12 and corresponding text.

³¹ See Appellate Body Report, *China – Publications and Audiovisual Products*, [240], [242].

³² See Appellate Body Report, *China – Publications and Audiovisual Products*, [240]; Appellate Body Report, *Brazil – Retreaded Tyres*, [178].

³³ Appellate Body Report, *Brazil – Retreaded Tyres*, [172].

³⁴ See, eg, WHO, *Report on the Global Tobacco Epidemic 2011: Warning about the Dangers of Tobacco* (WHO, 2011) 33, 34, 39, 43, 47, 51; Parliament of the Commonwealth of Australia, House of Representatives, *Tobacco Plain Packaging Bill 2011: Explanatory Memorandum* (6 July 2011) 1; Miller et al, *‘Response of mass media, tobacco industry and smokers to the introduction of graphic cigarette pack warnings in Australia’* (2009) 19(6) *European Journal of Public Health* 644.

³⁵ Appellate Body Report, *Brazil – Retreaded Tyres*, [151].

³⁶ *Ibid* [172].

³⁷ Marrakesh Agreement Annex 1A.

³⁸ TBT Agreement Article 1.5.

³⁹ See Secretariat of the Joint FAO/WHO Food Standards Programme, *Codex Alimentarius Commission: Procedural Manual* (19th ed, 2010) 18; SPS Agreement Annex A(3)(a); Jeffery Atik, *‘Trade and Health’*, in Daniel Bethlehem, Donald McRae, Rodney Neufeld and Isabelle Van Damme (eds), *The Oxford Handbook of International Trade Law* (Oxford University Press, 2009) 597, 599.

⁴⁰ TBT Agreement Annex 1(1) (emphasis added).

⁴¹ Appellate Body Report, *EC – Asbestos*, [70] (original emphasis).

⁴² Tobacco Plain Packaging Bill 2011 (Cth), cl 4.

⁴³ Appellate Body Report, *EC – Asbestos*, [69].

⁴⁴ Tobacco Plain Packaging Bill 2011 (Cth), cl 18-27.

⁴⁵ Ibid Ch 3.

⁴⁶ TBT Article 2.1 provides: 'Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favourable than that accorded to like products of national origin and to like products originating in any other country.'

⁴⁷ Emphasis added.

⁴⁸ See Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, [7.515].

⁴⁹ Daniel Pruzin, 'WTO Panel Ruling Supports U.S. Ban On Flavored Cigarettes From Indonesia' (5 July 2011) *BNA International Trade Daily*. See also Andrew Mitchell and Tania Voon, 'Regulating Tobacco Flavours: Implications for WTO Law' (2011) 29(2) *Boston University International Law Journal* 383; Lucas Ballet, 'Losing Flavor: Indonesia's WTO Complaint Against the U.S. Ban on Clove Cigarettes' (2011) 26 *American University International Law Review* 515.

⁵⁰ See above nn 21-36 and corresponding text.

⁵¹ See Appellate Body Report, *European Communities – Trade Description of Sardines*, WT/DS231/AB/R (adopted 23 October 2002) [275], [282] (holding that the burden of proof is on the complainant under TBT Article 2.4); Appellate Body Report, *EC Measures Concerning Meat and Meat Products (Hormones)*, WT/DS26/AB/R, WT/DS48/AB/R (adopted 13 February 1998) [171] (noting that the burden of proof is on the complainant under SPS Article 3.1); Michael Trebilcock and Robert Howse, *The Regulation of International Trade* (Routledge, 3rd ed, 2005) 217; Erich Vranes, *Trade and the Environment: Fundamental Issues in International Law and WTO Law* (Oxford University Press, 2009) 306. See also below nn 117-121 and corresponding text.

⁵² See above n 4 and corresponding text.

⁵³ Report by Daniel Gervais for Japan Tobacco International, *Analysis of the Compatibility of certain Tobacco Product Packaging Rules with the TRIPS Agreement and the Paris Convention* (30 November 2010) ('Gervais Report').

⁵⁴ Ibid 4; see also [115].

⁵⁵ See above n 4 and corresponding text.

⁵⁶ See Appellate Body Report, *United States – Section 211 Omnibus Appropriations Act of 1998*, WT/DS176/AB/R (adopted 1 February 2002) [125] ('US – Section 211 Appropriations Act').

⁵⁷ *Gervais Report*, above n 53, [61]. See also Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer, 2nd ed, 2011) 330-31. Cf Andrew Mitchell, 'Australia's Move to the Plain Packaging of Cigarettes and Its WTO Compatibility' (2010) 5 *Asian Journal of WTO & International Health Law and Policy* 405, 416.

⁵⁸ Crawford Moodie and Gerard Hastings, 'Plain packaging: a time for action' (2010) 20(1) *European Journal of Public Health* 10, 10.

⁵⁹ See Benn McGrady, 'TRIPs and Trademarks: The Case of Tobacco' (2004) 3(1) *World Trade Review* 53, 56, 59; Annette Kur, 'Marks for goods or services (trademarks*)' in Carlos Correa (ed), *Research Handbook on the Protection of Intellectual Property under WTO Rules: Intellectual Property in the WTO (Volume I)* (Edward Elgar, 2010) 408, 420; Seema Mutti et al, 'Beyond light and mild: cigarette brand descriptors and perceptions of risk in the International Tobacco Control (ITC) Four Country Survey' (2011) 106 *Addiction* 1166; Parliament of the Commonwealth of Australia, House of Representatives, *Tobacco Plain Packaging Bill 2011: Explanatory Memorandum* (6 July 2011) 1-2, 12.

⁶⁰ Neil Collishaw, 'Tobacco control and the Paris Convention for the Protection of Industrial Property' (1996) 5 *Tobacco Control* 165, 165; Physicians for Smoke-Free Canada, *Packaging Phoney Intellectual Property Claims* (June 2009) 16-20.

⁶¹ Carlos Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement* (Oxford University Press, 2007) 179.

⁶² See Mitchell, 'Australia's Move to the Plain Packaging of Cigarettes and Its WTO Compatibility', above n 57, 415-416.

⁶³ Tobacco Plain Packaging Bill 2011 (Cth), cl 28(3). See also Trade Marks Amendment (Tobacco Plain Packaging) Bill 2011 (Cth).

⁶⁴ *Gervais Report*, above n 53, [66] (emphasis added).

⁶⁵ Ibid [57] (original emphasis); see also [59].

⁶⁶ Correa, above n 61, 182 (emphasis added).

⁶⁷ See Mitchell, 'Australia's Move to the Plain Packaging of Cigarettes and Its WTO Compatibility', above n 57, 405, 416.

⁶⁸ *Gervais Report*, above n 53, [29].

- ⁶⁹ Emphasis added. See also Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* (Sweet & Maxwell, 3rd ed, 2008) 275, noting that ‘the right provided in art. 16(1) is an exclusive right against all third parties ... to prevent use of signs identical or similar to a mark that would create a likelihood of confusion’.
- ⁷⁰ Carvalho, above n 57, 343. See also Appellate Body Report, *US – Section 211 Appropriations Act*, [186]; Correa, above n 61, 182, 186; Jayashree Watal, *Intellectual Property Rights in the WTO and Developing Countries* (Kluwer, 2001) 291; Jim Keon, ‘Intellectual Property Rules for Trademarks and Geographical Indications: Important Parts of the New World Trade Order’ in Carlos Correa and Abdulqawi Yusuf (eds), *Intellectual Property and International Trade: The TRIPS Agreement* (2nd ed, Kluwer, 2008) 149, 154.
- ⁷¹ Carvalho, above n 57, 384.
- ⁷² *Gervais Report*, above n 53, [30].
- ⁷³ Annette Kur, ‘The right to use one’s own trade mark: a self-evident issue or a new concept in German, European and international trade mark law?’ (1996) 18(4) *European Intellectual Property Review* 198, 203 (emphasis added).
- ⁷⁴ *Gervais Report*, above n 53, [27] (original emphasis). Cf Carvalho, above n 57, 332-33, 409.
- ⁷⁵ See Kur, ‘Marks for goods or services (trademarks*)’, above n 59, 408, 439.
- ⁷⁶ See Carvalho, above n 57, 406-07.
- ⁷⁷ *Gervais Report*, above n 53, [30] (original emphasis).
- ⁷⁸ ‘Article 20 does contain provisions on the positive use of rights’: Carvalho, above n 57, 346; see similarly Correa, above n 61, 187; Gervais, *The TRIPS Agreement*, above n 69, 284-86.
- ⁷⁹ *Gervais Report*, above n 53, [30] (original emphasis). See also Gervais, *The TRIPS Agreement*, above n 69, 272-75.
- ⁸⁰ *Gervais Report*, above n 53, [24].
- ⁸¹ References in this submission are to the complaint by Australia. The same Panel also heard an analogous complaint by the United States and made similar statements in the corresponding Panel Report.
- ⁸² Panel Report, *European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by Australia*, WT/DS290/R (adopted 20 April 2005) [7.664] (*‘EC – Trademarks and Geographical Indications (Australia)’*).
- ⁸³ Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, [7.664].
- ⁸⁴ *Ibid* [7.246] (emphasis added). See also Henning Grosse Ruse-Khan, ‘Assessing the need for a general public interest exception in the TRIPS Agreement’ in Annette Kur (ed), *Intellectual Property Rights in a Fair World Trade System: Proposals for Reform of TRIPS* (Edward Elgar, 2011) 167, 197, referring to the negative nature of IP rights as an ‘essential feature’.
- ⁸⁵ Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, [7.602] (emphasis added), as noted in Gervais, *The TRIPS Agreement*, above n 69, 279.
- ⁸⁶ *Gervais Report*, above n 53, [22], n 10.
- ⁸⁷ Until 30 November 2009, the European Union was known as the ‘European Communities’ in the WTO.
- ⁸⁸ Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, [7.610]-[7.611] (footnotes omitted).
- ⁸⁹ *Ibid* n 564.
- ⁹⁰ *Ibid* [7.246]. But see Ruse-Khan, above n 84, 167, 198-99 on the limits of the characterisation of IP rights as negative in ensuring policy space for Members.
- ⁹¹ See Mitchell, ‘Australia’s Move to the Plain Packaging of Cigarettes and its WTO Compatibility’, above n 57, 405, 418; Mark Davison, ‘Plain Packaging of Cigarettes: Would it be Lawful?’ (2010) 23(5) *Australian Intellectual Property Law Bulletin* 105, 106; Panel Report, *Indonesia – Certain Measures Affecting the Automobile Industry*, WT/DS54/R, WT/DS55/R, WT/DS59/R, WT/DS64/R (adopted 23 July 1998) and Corr 1-4., [14.277]-[14.278]. Cf Lalive Lawyers, above n 4, [33].
- ⁹² *Gervais Report*, above n 53, [48] (original emphasis). See also Gervais, *The TRIPS Agreement*, above n 69, 286; Correa, above n 61, 200; Carvalho, above n 57, 427; Mitchell, ‘Australia’s Move to the Plain Packaging of Cigarettes and its WTO Compatibility’, above n 57, 405, 419; Watal, above n 70, 311.
- ⁹³ See, eg, Lalive Lawyers, above n 4 **Error! Bookmark not defined.**, [34]-[35].
- ⁹⁴ See, eg, Appellate Body Report, *Korea – Definitive Safeguard Measure on Imports of Certain Dairy Products*, WT/DS98/AB/R (adopted 12 January 2000) [80]-[81]; Appellate Body Report, *Argentina – Safeguard Measures on Imports of Footwear*, WT/DS121/AB/R (adopted 12 January 2000) [88]; Appellate Body Report, *United States – Continued Dumping and Subsidy Offset Act of 2000*, WT/DS217/AB/R, WT/DS234/AB/R (adopted 27 January 2003) [271]. See also Andrew Mitchell, *Legal Principles in WTO Disputes* (Cambridge, 2008) 53.

- ⁹⁵ Carvalho, above n 57, 441.
- ⁹⁶ Ibid 429.
- ⁹⁷ Ibid 442.
- ⁹⁸ Watal, above n 70, 252.
- ⁹⁹ Correa, above n 61, 200.
- ¹⁰⁰ *Gervais Report*, above n 53, [109]. See also Ruse-Khan, above n 84, 167, 194.
- ¹⁰¹ Panel Report, *Canada – Patent Protection of Pharmaceutical Products*, WT/DS114/R (adopted 7 April 2000) [7.26], but see also [7.92].
- ¹⁰² Watal, above n 70, 311. See also Ruse-Khan, above n 84, 167, 179-80, 200-201.
- ¹⁰³ WTO Ministerial Conference, *Declaration on the TRIPS Agreement and Public Health Adopted on 14 November 2001*, WT/MIN(01)/DEC/2 (20 November 2001) ('*Declaration on the TRIPS Agreement and Public Health*').
- ¹⁰⁴ *Gervais Report*, above n 53, [52], [109].
- ¹⁰⁵ *Declaration on the TRIPS Agreement and Public Health*, [4], [5(a)].
- ¹⁰⁶ See also Andrew Mitchell and Tania Voon, 'Patents and Public Health in the WTO, FTAs and Beyond: Tension and Conflict in International Law' (2009) 43(3) *Journal of World Trade* 571, 580; Holger Hestermeyer, *Human Rights and the WTO: The Case of Patents and Access to Medicines* (Oxford University Press, 2007), 279-282.
- ¹⁰⁷ *Gervais Report*, above n 53, [54].
- ¹⁰⁸ Opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995).
- ¹⁰⁹ See also Correa, above n 61, 200; Ruse-Khan, above n 84, 167, 200, 178-180.
- ¹¹⁰ Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, [7.246].
- ¹¹¹ Carvalho, above n 57, 424, 427.
- ¹¹² Appellate Body Report, *Japan – Taxes on Alcoholic Beverages*, WT/DS8/AB/R, WT/DS10/AB/R, WT/DS11/AB/R (adopted 1 November 1996) 14 ('*Japan – Alcoholic Beverages II*'); Appellate Body Report, *US – Shrimp (Article 21.5 – Malaysia)*, [109]. See also Marrakesh Agreement Article IX:2; DSU Articles 3.2, 19.2.
- ¹¹³ Appellate Body Report, *Japan – Alcoholic Beverages II*, 14. See also Appellate Body Report, *US – Shrimp (Article 21.5 – Malaysia)*, [109]; Appellate Body Report, *United States – Sunset Reviews of Anti-Dumping Measures on Oil Country Tubular Goods from Argentina*, WT/DS268/AB/R (adopted 17 December 2004) [188]; Appellate Body Report, *United States – Final Anti-Dumping Measures on Stainless Steel from Mexico*, WT/DS344/AB/R (adopted 20 May 2008) [160].
- ¹¹⁴ See, eg, Appellate Body Report, *China – Publications and Audiovisual Products*, [239]-[240].
- ¹¹⁵ See above Part IIC.
- ¹¹⁶ *Gervais Report*, above n 53, [74] see also [48], [115]; see also Gervais, *The TRIPS Agreement*, above n 69, 285.
- ¹¹⁷ See generally, eg, Michelle Grando, *Evidence, Proof, and Fact-Finding in WTO Dispute Settlement* (Oxford University Press, 2010); Caroline Foster, *Science and the Precautionary Principle in International Courts and Tribunals: Expert Evidence, Burden of Proof and Finality* (Cambridge University Press, 2011); Appellate Body Report, *EC – Tariff Preferences*, [104]-[125].
- ¹¹⁸ Appellate Body Report, *United States – Measure Affecting Imports of Woven Wool Shirts and Blouses from India*, WT/DS33/AB/R (adopted 23 May 1997) and Corr 1, 13.
- ¹¹⁹ See, eg, Appellate Body Report, *US – Shrimp*, [34]; Appellate Body Report, *US – Gasoline*, 22-23; Appellate Body Report, *US – Gambling*, [282], [289].
- ¹²⁰ See, reaching the same conclusion: Correa, above n 61, 200.
- ¹²¹ Appellate Body Report, *United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany*, WT/DS213/AB/R, Corr 1 (adopted 19 December 2002) [157] (original emphasis).
- ¹²² Carvalho, above n 57, 424.
- ¹²³ GATT 1994 Article XX.
- ¹²⁴ See above Part IIC.
- ¹²⁵ *Gervais Report*, above n 53, [81], [115] (emphasis added).
- ¹²⁶ See above nn 23-25 and corresponding text.
- ¹²⁷ *Gervais Report*, above n 53, [77], [79].
- ¹²⁸ TRIPS Agreement Article 7.