



BRIEFING 5: Intellectual Property and Standardised Packaging

- The tobacco industry has spent a vast amount of money hiring law firms to fight plain packaging of tobacco. Hence you may have received legal opinions which have been written at behest of the tobacco industry.
- The industry argues that standardised packaging will see the State acquire the property rights of tobacco companies. However, it is the case that the Bill will **restrict brands rather than acquire**. In fact, the High Court in Australia held that there was **no "acquisition" of IP rights as the State did not receive any benefit**.
- **We already restrict the use of tobacco related trademark, in that they cannot advertise on television, billboards, or in retail premises.** This is simply a further step to reduce the power of tobacco companies to mislead consumers about the harmful effects of smoking tobacco.
- There is **no** requirement in the Irish Constitution for the State to pay compensation when restricting property rights in accordance with the common good/social justice.
- The measures that the Bill will impose apply equally to all tobacco companies and tobacco products and therefore are not arbitrary or unfair.
- Arguments that Ireland would be contravening international trade agreements are negligible.

What is Intellectual Property?

- Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.
- Intellectual Property can be categorised into two categories:
 - Copyright: the rights of the owners of branding
 - Industrial property: the design of the packaging, graphics and colour¹

¹ WTO, Intellectual Property, http://www.wto.org/english/tratop_e/trips_e/intel1_e.htm

The Tobacco Industry and Irish Law Firms

Since the announcement that Ireland would be the second country in the world to introduce standardised packaging of tobacco, there has been a very clear strategy by the tobacco industry to pay many legal firms in Dublin to fight their case on intellectual property:

- On 27 November 2013, the Irish Times published an article stating that tobacco giant Philip Morris had sent the legal opinion of Michael M. Collins SC to the Minister for Finance and Minister for Health warning of ‘stark’ consequences if plain packaging was introduced.² It stated that it was likely the State would have to pay compensation relating to losses suffered by the tobacco companies.
- The Law Society of Ireland set up an ‘Intellectual Property Law Committee’, chaired by a solicitor named Patricia McGovern. The Committee was set up in September 2012 to “provide a support to the solicitors’ profession and a resource to business, Government, and those involved in the development and enforcement of intellectual property.”³ Media reports state that the Committee made a submission on standardised packaging. However, Patricia McGovern and her firm, DFMG Solicitors, have acted for tobacco giant Philip Morris International.⁴
- The Association of Patent and Trade Mark Attorneys also wrote to the Joint Committee stating that plain packaging could set a “precedent” for other areas “such as sugar, soft drinks, alcohol, fast food”.⁵ The Association’s President is Niamh Hall of FR Kelly & Co, who has represented the manufacturer of ‘Eva Slims’ cigarettes in branding and IP.⁶ Eva Slims is a cigarette branded and designed in a way to appeal to young females.

The Irish Cancer Society has sought independent legal advice on the constitutionality of standardised packaging. The following is a summary of the evidence that any case against standardised packaging on grounds of IP infringement will fail on the basis of public health

Intellectual Property and the Irish Constitution

- The Irish Constitution protects property rights under Article 40.3.2 and Article 43. However, the Constitution also recognises that in a civil society, property rights have to be regulated by principles of social justice and in accordance with the common good. This legislation seeking to introduce plain packaging seeks to protect and promote public health by, in particular, preventing young persons from taking up smoking and consuming tobacco products.

2 Fiach Kelly, ‘Tobacco giant says plain packaging could lead to State compensation’, 27 November 2013, available at: <http://www.irishtimes.com/news/health/tobacco-giant-says-plain-packaging-could-lead-to-state-compensation-1.1608508>

3 Law Society Annual Report 2012/13,

<http://www.lawsociety.ie/Global/About%20Us/Annual%20Reports/AnnualReport2013.pdf>

4 Irish Patents Office, Register of Trademarks,

<http://www.patentsoffice.ie/eregister/register/TMRegister.aspx?idappli=219157>

5 Tom Lyons, ‘Powerful US lobby group fights cigarette packaging changes’, 25 January 2014, available at:

<http://www.irishtimes.com/business/sectors/powerful-us-lobby-group-fights-cigarette-packaging-changes-1.1667402>

6 Irish Patents Office, Patents Office Journal, <http://www.patentsoffice.ie/PDF%20Documents/2069.pdf>

- There is **no** requirement in the Irish Constitution for the State to pay compensation when restricting property rights in accordance with the common good/social justice. There is **no** interpretation of that Constitution by the Irish Courts definitively holding that compensation is required whenever property rights are restricted by the State in accordance with the common good/social justice.

A proportional response to a public health problem

- The measures imposed in this Bill are proportional. Studies show, most significantly, that plain packaging will discourage young people from taking-up smoking in the first place, which is what the protection and promotion of public health requires and what the tobacco companies seek desperately to avoid through the promotion of brands directed at younger people. Furthermore, there is evidence that plain packaging will encourage existing smokers to quit, and therefore the means of this Bill are proportionate.
- The measures that the Bill will impose apply equally to all tobacco companies and tobacco products and therefore are not arbitrary or unfair.
- The restrictions apply only in a retail setting, and therefore impair the rights as little as possible to achieve its objectives. An example of a disproportionate measure might be an upper limit on the amount of tobacco products a retailer could sell daily.

IP and the Courts

- Much of the argument against standardised packaging cites previous court cases where compensation was paid following an infringement of IP.
- The cases where compensation has been paid have all to date involved the **compulsory acquisition of land**. This is very different to the measures imposed by the Bill. When the State acquires land, it or its authorities get a real, tangible asset, with a market value from the previous owner. In this situation, the State will not be receiving any benefit from the restriction it intends to place on the use by the tobacco companies of their trademarks.
- The Courts have in the past upheld restrictions on the use of gaming machines without compensation, and suggested that even a total ban on the use of gaming machines would be constitutional, without mentioning anything about the need for compensation. The consumption of tobacco is at least as great a social evil that needs to be controlled as gambling on gaming machines.
- In Australia, the *Tobacco Plain Packaging Act* was challenged in the High Court (the counterpart in Australia of the Irish Supreme Court in Ireland). Japanese Tobacco International and British American Tobacco alleged that the Act was unconstitutional, as it was an “*acquisition*” of property by the State. The Court held that there was **no “acquisition” as the State did not receive any benefit**. Ireland often follows the Australian route in intellectual property cases, and the language in this case is very similar to that of the Irish cases regarding land acquisition.

- It is our advice that the Courts would find that this Bill is a justified restriction of intellectual property rights, in the interests of social justice and the common good and that as there is no “*acquisition*” by the State, there is no requirement to pay any compensation.
- This Bill does not cause the loss of any rights under the Trade Marks Act 1996, only a justified and proportionate restriction of the use of trademarks. **We already restrict the use of tobacco related trademark, in that they cannot advertise on television, billboards, or in retail premises.** This is simply a further step to reduce the power of tobacco companies to mislead consumers about the harmful effects of smoking tobacco.
- The tobacco companies will retain the use of their brand names on packaging. In the Australian High Court case, this was considered an important factor, as it meant customers could continue to distinguish between brands. This protects the essential ‘guarantee of origin’ function of trademarks; they guarantee to consumers of the products and services in question, the origin of the products and services to which they are attached, namely who was responsible for putting those products and services on the market. The trade marks can also still be used in wholesale marketing, packaging for export, and in communications such as emails and letters.

Ireland and trade protocols

- The issues of the Paris Convention and the WTO TRIPS Agreement have been raised as conflicting with this Bill. These are indeed the main international agreements regarding the regulation of trademarks, and this presents an excellent opportunity for Ireland to once again lead on the international stage against the fight against the harmful effects of tobacco, as we did with the introduction of the workplace smoking ban in 2004.
- Ireland is party to these agreements, but they have not been incorporated into domestic law. The Paris Convention mainly concerns the administration of trademarks, and not their use. It gives parties to the Convention reciprocal rights in other countries when it comes to registering trademarks. The registration and administration of trademarks are not affected by this Bill.
- “Dispute resolution proceedings” have been issued in the WTO against Australia by Ukraine, Cuba, Honduras, the Dominican Republic and Indonesia. These are effectively protracted diplomatic negotiations, and the consequences are negligible.

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