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Tobacco industry argues domestic trademark laws and international treaties preclude cigarette health warning labels, despite consistent legal advice that the argument is invalid

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Abstract

Objectives—To analyse the tobacco industry’s use of international trade agreements to oppose policies to strengthen health warning labels (HWLs).

Design—A review of tobacco industry documents, tobacco control legislation and international treaties.

Results—During the early 1990s, the tobacco industry became increasingly alarmed about the advancement of HWLs on cigarettes packages. In response, it requested legal opinions from British American Tobacco’s law firms in Australia and England, Britain’s Department of Trade and Industry and the World Intellectual Property Organisation on the legality of restricting and prohibiting the use of their trademarks, as embodied in cigarette packages. The consistent legal advice, privately submitted to the companies, was that international treaties do not shield trademark owners from government limitations (including prohibition) on the use of their trademarks. Despite receiving this legal advice, the companies publicly argued that requiring large HWLs compromised their trademark rights under international treaties. The companies successfully used these arguments as part of their successful effort to deter Canadian and Australian governments from enacting laws requiring the plain packaging of cigarettes, which helped delay large graphic HWLs, including ‘plain’ packaging, for over a decade.

Conclusions—Governments should not be intimidated by tobacco company threats and unsubstantiated claims, and carefully craft HWL laws to withstand the inevitable tobacco industry lawsuits with the knowledge that the companies’ own lawyers as well as authoritative bodies have told the companies that the rights they claim do not exist.

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INTRODUCTION

Since the WHO Framework Convention on Tobacco Control (FCTC) took effect in 2005,¹ the pace of enacting tobacco control legislation has accelerated. FCTC Article 11 requires that parties adopt ‘effective measures to ensure that tobacco product packaging and labelling do not promote a tobacco product by any means that are false, misleading, deceptive or likely to create an erroneous impression about its characteristics.’ FCTC Article 11.1(b) states that ‘health warnings and messages on tobacco product packaging and labelling should be 50% or more’¹ of the principal display areas, and FCTC Article 11 guidelines recommend that parties should consider adopting plain packaging which would ‘restrict or prohibit the use of logos, colours, brand images or promotional information’.² FCTC Article 13.1 also states that ‘a comprehensive ban on advertising, promotion, and sponsorship would reduce the consumption of tobacco products,’¹ and FCTC Article 13 guidelines recommend that ‘the effect of advertising or promotion on packaging can be eliminated by requiring plain packaging’.³ As of March 2012, 49 countries had implemented graphic warning labels and Australia passed a law to implement plain packaging on December 1, 2012.⁴

The tobacco companies have consistently opposed strong health warning labels (HWLs) using strategies including promoting weak voluntary HWLs,^{5–7} influencing politicians and the media,^{8, 9} and making exaggerated claims of contraband,¹⁰ often through third parties.¹¹ Since the 1980s, companies have used international trade agreements to threaten nations that did not open their markets to multinational tobacco companies or which attempted to implement bans on tobacco advertising or require HWLs, claiming that these agreements protected their ability to freely distribute, advertise and promote cigarettes under the General Agreement on Tariffs and Trade (GATT), the main international treaty governing international trade at the time.^{12–16} In an effort to protect these assertions, the companies lobbied trade and agricultural ministers to keep an explicit provision giving health priority over trade out of the FCTC.¹⁷

Beginning in the 1990s, the companies started arguing that international treaties protected their intellectual property as embodied in trademarked cigarette package design, claiming that plain packaging amounted to expropriation of their property (the trademarks), for which governments would have to compensate them billions of dollars. In contrast to these public claims and threats, the companies’ internal legal advisors, as well as an authoritative body, informed the companies that these treaties do not prevent national governments from restricting or prohibiting the use of trademarks.

METHODS

Between April 2011 and February 2012, we searched tobacco industry documents in the University of California San Francisco’s Legacy Tobacco Documents Library (<http://legacy.library.ucsf.edu>) using standard snowball search methods.^{18, 19} Initial search terms included ‘intellectual property’, ‘plain pack’, ‘generic pack’, ‘international trade’, ‘GATT’, ‘trade related aspects of intellectual property rights/TRIPS’, ‘North American Free Trade Agreement/NAFTA’, specific dates, project names and legislation numbers. A total of about 300 relevant documents were found. We reviewed the legislative history of tobacco control

legislation in Canada (available at <http://www.parl.gc.ca>) and in Australia (available at <http://aph.gov.au>) for complete texts of hearings and committee reports.

RESULTS

The trademark argument emerges in Sweden (1989–1991)

In 1989, Sweden's National Board of Health and Welfare proposed introducing pictorial HWLs that covered almost 70% of the front of cigarette packages because 'an illustrative element substantially increases the attention value.'²⁰ In 1990, Philip Morris International (PMI) considered the proposal a 'HWL crisis'²¹ and, among other actions, filed a complaint with the Board, arguing that the proposal violated the European Community's 1989 Directive, which only required text warnings covering '4% to 8%' of each large surface of the cigarette pack.²² In its complaint, PMI cited a then-recently published article by Ulf Bernitz,²³ a Swedish law professor, who argued that governments could not restrict or prohibit the use of trademarks due to international obligations under the Paris Convention for the Protection of Industrial Property, a treaty that protects intellectual property. In particular, Bernitz argued that the fact that Article 7 of the Paris Convention granted trademark holders the right to register the trademark implied a right to 'use' the trademark.

In January 1991, the Board dismissed PMI's complaint, concluding there was no conflict between the HWL proposal and Sweden's effort to join the European Community.²⁴ In March 1991, Bernitz provided a 'report from Philip Morris counsel to Philip Morris counsel [sic] regarding health warnings prepared in anticipation of litigation.'²⁵ (PMI has not released the report, claiming attorney–client privilege.) In March 1991, PMI obtained an opinion from Gunnar Karnell, another Swedish law professor, who also argued that Sweden's HWL proposal violated the Swedish Act on Trademarks by expropriating PMI's trademark, which would require the Swedish government to compensate PMI.²⁶ In March 1991, PMI used these arguments in a second complaint to the Health Board.²⁴ Largely out of concern regarding pending European Community membership, in December 1991, the Board dropped its proposal.²⁷

Action in Australia (1992–1994)

In response to research concluding that effective labelling would reduce high rates of adolescent smoking,²⁸ in April 1992, the Australian Ministerial Council on Drug Strategy (MCDS), a committee of federal and state and territory health and law enforcement ministers, proposed to implement advanced (for their time) HWLs consisting of text warnings on at least 25% of the front and 50% of the back of cigarette packages, with the possibility of introducing generic packaging the following year.²⁹ Fearing that New Zealand would follow Australia, the New Zealand subsidiary of British American Tobacco (BAT), Wills New Zealand, characterised the Australian proposal as 'the biggest battle to be fought by the industry.'³⁰ BAT, Rothmans International and PMI^{31, 32} jointly lobbied Australian officials, arguing that Australians were already aware of warnings against smoking and that the youth should be educated on smoking. They also began searching for legal protection of their trademarks, including under international treaties. BAT requested an opinion from its Australian law firm, Clayton Utz, and BAT and Rothmans requested one from the British

Department of Trade and Industry on whether the HWLs would conflict with their right to use their trademarks, as embodied on the cigarette packages.

Rather than concluding that the Australian HWL proposal violated the Australian Trademarks Act, in May 1992, Clayton Utz told BAT that as the registered holder of the trademark, BAT only had the right to exclude others from using it; the Act did not guarantee BAT 'use' of the trademark:

The [Australian] Trademarks Act does not purport to deal exhaustively or exclusively with the use of trademarks but only confers on the holder of a registered trademark certain rights in relation to goods or services. Accordingly, the Trademarks Act may be constructed so as to confer on the registered holder of the trademark the right to exclude others from the use of that trademark. *However it does not in our opinion, intend to control the circumstances in which the holder of a registered trademark may himself use that mark. Accordingly, we do not consider any inconsistency with the Trademarks Act as an avenue of challenging the [HWL] Regulations.*³³ [emphasis added]

BAT also asked Clayton Utz about using the Paris Convention as authority for opposing the HWLs. In August 1992, BAT's Chief Executive reported that the Paris Convention could not be used either: 'The Company has also considered the issue of whether the proposed restrictions would be in breach of the Paris Convention on industrial property and the Australian Trade Mark Act. We are advised that there is no basis for any legal challenge against State and Territorial Governments on these grounds.'³⁴

In August 1992, BAT also asked Clayton Utz if GATT could be used to block the HWL. In December 1992, Clayton Utz replied, 'In our opinion, the Industry would not be able to rely on the provisions of the Paris Convention, [and] the GATT ... to challenge the proposed legislation.'³⁵

In January 1993, Rothmans International examined the GATT as well as the then-pending Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), an international agreement established in 1994 as part of the newly-created World Trade Organisation (WTO, a new revised version of the GATT), which protected intellectual property. In May 1993, BAT's Australian subsidiary (WD & HO Wills) and Rothmans International wrote to the British Consulate in Sydney, Australia, requesting that the Consulate ask the British Department of Trade and Industry whether Australia's obligations under GATT and TRIPS would prohibit the proposed HWLs.³⁵ In July 1993, the British Consulate responded, again stating that these treaties did not protect the 'use' of trademarks:

I have consulted my colleagues [who are responsible for protecting intellectual property] and their joint view is that *these claims do not hold water*. Restricting the printed matter on the cigarette packet to 75% of the surface area, as proposed, would not affect trade mark owners [sic] rights since registration does not normally entail any specification as to size, how it is used, or what proportion of the packet it occupies ... It is also true that Article 15.1 of the draft TRIPS text provides for the registration of the whole packet, and that Article 16 reiterates the Paris Convention

provisions on well-known marks. However to proceed from these facts to the proposition that restrictions on the labeling are a potential breach of GATT *requires, in their view* 'several very large imaginative leaps'. In the first place, registration of a trade mark does not confer the right to use it, in the words of Article 16.1 of the draft TRIPS Agreement, it confers the 'exclusive right to prevent all third parties ... from using ... identical or similar signs'. *It would not be a breach of the TRIPS code for a country to have a complete ban on the sale of tobacco. Secondly, the registration of a trade mark for tobacco cannot prevent the operation of other regulations, for example, laws requiring health warning on packets.*³⁵ [emphasis added]

Thus, as of 1994, presumably all the advice that BAT and Rothmans had received indicated that HWLs were legal under international law (table 1). In the meantime, the MCDS announced a final national HWL strategy that, while it weakened the original proposal by reducing the back face of HWLs from 50% to 33%,³⁶ was still an advanced proposal for its time.

As part of its deliberations, the Australian parliament passed a motion requesting that the Industry Commission conduct an inquiry into the tobacco industry's practices in November 1993.³⁷ In January 1994, WD & HO Wills responded to the Commission with intellectual property arguments:

The Company does not oppose a review of health warnings, only pack design regulations which take no account of registration of trade marks and pack designs, intellectual properties and rights advocated by GATT. The package proposals also ignore standards adopted for other consumer product industries in their labelling and packaging ... The Australian proposals would extinguish or critically diminish the Company's intellectual property.³⁸

However, these intellectual property claims were made at the last moment and did not include threats towards the government, and as a result, in March 1994, Parliament gazetted the 'Trade Practices (Consumer Product Information Standards) (Tobacco) Regulations', which required the adoption of the MCDS HWL proposal (25% front, 33% back) by January 1995.³⁹

In May 1994, the MCDS Action Plan continued to consider generic packaging,⁴⁰ which led the Australian Senate to hold hearings that included discussions of generic packaging in November 1994.⁴¹ In December 1994, the Western Australian Health Minister called for generic packaging to prevent tobacco companies from promoting 'attractive images'.⁴²

International coordination of the tobacco industry: the Plain Pack Group

In light of the industry's failure in Australia, in May 1993 a Rothmans International lawyer wrote to all the major multinational tobacco companies suggesting a new industry-wide coordinated international approach to HWLs with a primary focus on avoiding generic or plain packaging.⁴³ By July 1993, BAT, Rothmans, PMI, RJ Reynolds, Imperial Tobacco, Reemtsma and Gallaher created the Plain Pack Group to develop strategies to counter plain packaging.⁴⁴ At the group's second meeting in November 1993, the companies planned to

continue searching for intellectual property protection under international treaties and recruit non-tobacco industry support.⁴⁵

In response to Canada's increasing interest in plain packaging, including a November 1993 study by the Centre for Health Promotion and the Canadian Cancer Society,⁴⁶ which examined the effects of plain packaging among youth, the Plain Pack Group examined NAFTA, a free trade agreement among the USA, Mexico and Canada that contained provisions for intellectual property rights and investment rights, which took effect 1 January 1994. (None of the legal opinions on NAFTA regarding trademark protection were accessible in the Legacy Tobacco Documents Library due to privilege claims.^{47–51}) Based on these opinions, in April 1994, Rothmans International wrote to the Tobacco Documentation Centre (the industry's international lobbying and coordinating organisation⁵²) reporting, 'The possibility of challenging such provisions in international trade would largely rest on the GATT, particularly as there appears to be no direct redress available to companies under NAFTA as regards product labeling.'⁵³

In April 1993, BAT's lawyers suggested that BAT should contact the liquor and pharmaceutical industries as potential allies, since they also 'may be vulnerable to packaging warnings which expropriate their intellectual property.'⁵⁴ The group planned to contact potential allies including pharmaceuticals, alcohol, cosmetics, Unilever, Colgate, Pepsi and Coca-Cola.⁵⁵ A May 1994 Plain Pack Group slide presentation document noted that these efforts had failed:

'Current conversations and treaties afford little protection

GATT/TRIPS little joy

Other industry groupings little support'⁵⁶

In addition to receiving unfavourable legal advice about using intellectual property arguments to oppose HWLs and plain packaging, the Plain Pack Group was concerned that governments could invoke health exemptions in international treaties, including the GATT and TRIPS. BAT commissioned John Luik, a longstanding industry apologist^{57–59}—who was forced out of two Canadian colleges for academic fraud⁶—to study this question. He confirmed the Plain Pack Group's fears: 'While I think the GATT/TRIPS process provides a useful entre to this problem, I believe that its ultimate usefulness might well be limited. This is because the anti [public health advocates] will soon argue that where health is involved, adopting minimal regulation as a basis for trade harmonisation is not acceptable.'⁶¹

Luik recommended considering other treaties that did not contain health provisions and advised the companies to work with the World Intellectual Property Organisation (WIPO), the United Nations agency that promotes the protection of intellectual property and administers the Paris Convention (a treaty with no health exemptions), to obtain a favourable legal opinion from the treaty's administrative body. The Plain Pack Group designated David Latham, a lawyer at Lovell White Durrant (BAT's lawyers in London), to write to the Director of WIPO's Industrial Property Law Department, seeking interpretation of Article 7 of the Paris Convention. Latham told WIPO he was 'particularly interested in the position which WIPO takes on the interpretation of Article 7 of the Paris Convention,

and in particular how that differs from that adopted by Ulf Bernitz in his [Swedish²³] article'.⁶² Receiving no response, Latham sent another letter to WIPO in May 1994.⁶² In July 1994, WIPO responded, 'The countries of the Paris Union are bound to admit trademarks for registration notwithstanding the nature of the goods to which they are applied (Article 7). However, *the Paris Convention does not contain any obligation to the effect that the use of a registered trademark must be permitted* [emphasis added]'.⁶³ Latham characterised WIPO's response to Rothmans International Public Affairs Manager as, 'Certainly, his letter does not take us further'.⁶⁴ Like all the legal opinions the industry had obtained, WIPO said that the Paris Convention only obligated member countries to permit the 'registration' of the trademark but not the actual 'use' of the trademark.

Perhaps in response to the industry's failures to find authoritative bodies that would state that trademark laws or international treaties provided a legal justification for using trademarks to fight HWLs and plain packaging, the Plain Pack Group decided in April 1994 to create its own body of evidence. Rothmans International's public affairs manager sent a letter from Luik to the Plain Pack Group discussing Luik's proposal to create a book, which he called the 'plain packs Bible', to be a credible and citable public resource for the industry to influence the academic debate and to be accessible by politicians considering plain pack proposals.⁶⁵ The Plain Pack Group agreed and paid \$240 000 (including \$155 000 to Luik as editor⁶⁶) for a book titled *Plain Packaging and the Marketing of Cigarettes*.⁶⁷ (The Group asked Bernitz to write a chapter on freedom of expression from a European perspective; he later withdrew from the project.⁶⁸) The Group assigned PMI to ask the Washington Legal Foundation, a conservative think tank that worked with the industry,^{69, 70} to publish the book, but it refused.⁷¹ (The book was eventually published by Admap Publications.⁶⁷) The book argued that plain packaging would not reduce adolescent smoking, would not allow manufacturers and retailers to distinguish their legal products to consumers and, despite the consistent legal advice the companies had received, would violate the intellectual property standards established under international treaties.⁶⁷ Although the book was not published until 1998, many of its arguments were offered by the industry and its allies during committee reports, hearings and in the media in Canada and Australia, which were starting to consider plain packaging in 1994 and 1995.^{72–74}

The tobacco industry's success in preventing plain packaging in Canada

In January 1994, PM and RJ Reynolds convinced Canada to roll back its tobacco tax from \$1.60 to \$1.10 per pack.⁷⁵ In February 1994, Canada's prime minister announced plans to compensate for the adverse public health impact of lowering taxes, including the consideration of plain packaging.⁷⁶ In April 1994, the House of Commons' Standing Committee on Health began hearings on the plain packaging.⁷⁷

In May 1994, RJ Reynolds and PMI sent Carla Hills, former US Trade Representative (1989–1993) and Julius Katz, former Deputy US Trade Representative (1989–1993), to Canada to testify against plain packaging during Canadian Standing Committee on Health hearings. Hills and Katz presented a legal opinion, written by Hills, arguing that the plain packaging proposal violated Canada's commitments under international treaties, including the Paris Convention, TRIPS and NAFTA, on the grounds that national governments did not

have the right to restrict or prohibit the use of trademarks.⁷³ Hills and Katz only cited language from each treaty concerning trademark ‘registration’ not ‘use’. Hills and Katz did not mention the legal advice that had been given to the tobacco companies since 1992 (table 1) that the ‘registration’ of a trademark does not confer the right to ‘use’ it. (Katz also wrote the chapter on international treaties in *Plain Packaging and the Marketing of Cigarettes*, citing the same arguments.⁶⁷) Hills and Katz argued that plain packaging would be ‘an unlawful expropriation of trademarks and investments’, and threatened the Canadian government that ‘full compensation, in the hundreds of millions of dollars, would have to be paid’ to the tobacco companies.⁷³ The threats based on NAFTA may have been credible to the Standing Committee, since Hills and Katz were the chief negotiators for NAFTA.

The House of Commons Standing Committee on Health presented a report to the House in June 1994, titled *Toward Zero Consumption: Generic Packaging of Tobacco Products*⁷⁸ that concluded that the testimony offered by health groups in May 1994 did not justify introducing plain packaging and that ‘serious concerns were raised about Canada’s international trade obligations, employment, counterfeiting, smuggling and marketing.’⁷⁸ As a result, the report recommended (1) that the government establish a legislative framework required to proceed with plain packaging, (2) that the legislation be introduced when Health Canada concluded its study on the effects of plain packaging on tobacco consumption, and (3) that the government require that plain packages be produced in a manner that minimises the possibility of contraband products.

Meanwhile, despite WIPO’s unfavourable opinion in July 1994 on the legal status of registered trademarks under the Paris Convention, the industry again requested an opinion from WIPO. In August 1994, Ralph Oman, former US Register of Copyrights (1985–1993) and legal partner with Hills and Katz at the Mudge Rose Guthrie Alexander & Ferdon law firm, wrote to WIPO asking whether Paris Convention parties are free to limit the ‘use’ of a registered trademark. He also asked WIPO to address Hills’ legal opinion from May 1994 that concluded that the Paris Convention could be used against plain packaging. In response, in August 1994, WIPO sent another letter confirming that the Paris Convention only pertained to the ‘registration’ and not the ‘use’ of the trademark and, more important, specifically rejected Hills’ legal opinion, clearly stating that the Paris Convention could not be used to block plain packaging:

Countries party to the Paris Convention remain free to regulate or prohibit the sale of certain types of goods, and the fact that a mark has been registered for such goods does not give the right to the holder of the registration to be exempted from any limitation or prohibition of use of the mark decided by the competent authority of the country where the mark is registered.

Moreover, the argument that in many countries of the Paris Union a registered mark must be used in order for it to remain protected, does not support the thesis that regulations restricting the use violate Article 7, because Article 7 only concerns the initial registration but not the subsequent fate of the mark.

In conclusion, it does not seem that Article 7 of the Paris Convention could serve as a basis for challenging existing or planned requirements of Paris Union member

States regarding the plain packaging of tobacco products.⁷⁹ [underlined emphasis in original]

Tobacco companies again did not publicly disclose this unfavourable information and instead continued to threaten the Canadian government. The companies recruited the International Chamber of Commerce (ICC) to write to Foreign Affairs and International Trade Canada in September 1994 asserting the same arguments about Canada's obligation to respect the intellectual property of businesses granted under international treaties including the Paris Convention, TRIPs and NAFTA.⁸⁰ The ICC was also active in the media in October 1994, stating, 'The federal government risks getting thrown out of an international trade body if it goes ahead with its plan to insist that cigarettes be sold only in plain packs'.⁷² During the late 1990s and early 2000s, the industry also used the ICC to lobby the European Community against a directive to ban tobacco advertising,⁸¹ and to lobby against including an explicit provision giving health priority over trade in the FCTC.¹⁷

In November 1994, the Canadian government replied to the Standing Committee on Health. The industry's scare tactics about violations of international treaties, along with arguments that plain packaging would not decrease tobacco consumption and would increase smuggling,⁸² succeeded; Health Canada dropped plain packaging on the grounds that 'the government recognises that there are trademark and other obligations under international trade agreements such as NAFTA and the World Trade Agreement which might be relevant to a generic packaging proposal,' together with uncertainty over smuggling and the effectiveness of plain packaging.⁸³

In March 1995, Health Canada produced a report on plain packaging titled *When Packages Can't Speak: Possible Impacts of Plain and Generic Packaging of Tobacco Products*, which concluded that plain packaging 'would be important and would have perceived utility for encouraging teen and adult smokers to stop smoking, and for discouraging non-smoking teens from starting to smoke'.⁸⁴ The health minister praised the study but stated that there was still a need to 'facilitate further examination of the legal, international trade, economic and contraband implications of plain and generic packaging'.⁸⁵ Public health advocates commissioned legal experts to analyse the trademark -issue in May 1994,^{86, 87} but the health minister and Health Canada did not pursue their own assessment about whether the industry's claims of international treaty obligations prohibited Canada from adopting plain packaging. As a result, they abandoned efforts to move forward on plain packaging, (interview with Gar Mahood, September 2012). In 1996, the health minister sealed the fate of plain packaging when he told the Standing Committee on Health he accepted the industry's position and said that trademarks would be allowed on packages, stating that, 'We would be in violation both of trademark and of [Canada's] Charter of Rights and Freedoms because the product is not deemed to be an illegal product.'⁸⁸

The tobacco industry's success in preventing generic packaging in Australia

In response to the Australian health advocates' proposals for generic packaging offered during public hearings of the Senate Standing Committee on Community Affairs, in February 1995, WD & HO Wills submitted material on generic packaging that once again asserted that generic packaging would severely violate their intellectual property rights

under the Paris Convention and TRIPS.⁷⁴ As in Canada, the industry also argued that generic packaging would not reduce tobacco consumption.⁷⁴ These scare tactics led the federal health minister to announce in July 1995 that, 'Unfortunately [generic packaging] is just not feasible. We would have to buy the tobacco companies' trademarks and that would cost us hundreds of millions of dollars.'⁸⁹ In December 1995, the Australian Senate's Community Affairs References Committee accepted WD & HO Wills' trademark and expropriation arguments along with a lack of evidence supporting a decline in tobacco consumption and concluded that 'there is not sufficient evidence to recommend that tobacco products be sold in generic packaging.'⁹⁰

DISCUSSION

Statement of principal findings

During the early 1990s, the tobacco companies became concerned about an advanced (for its time) HWL proposal in Australia to place large text warning labels on the front and back of cigarette packages and begin discussion of generic packaging. This concern prompted the companies to seek legal advice on the legality of the HWL proposal, assuming the proposal violated their trademarks. The legal advice they obtained stated consistently that national governments *could* restrict or prohibit the use of trademarks and enact strong HWLs, including plain packaging. Nevertheless, the companies continued to argue publicly and to policy-makers that trademark protections in international treaties prohibited governments from requiring large HWLs or generic packaging and used threats of serious financial damages due to expropriation of the companies' intellectual property in helping deter national governments from acting. As a result, the companies delayed the progress on large graphic HWLs and plain packaging for over a decade. These efforts were continuing in 2012, with the companies claiming international treaties prohibited Uruguay and Australia, respectively, from requiring large HWLs and plain packaging.^{91, 92}

Relation to other studies

Industry efforts to intimidate governments into accepting unsupported claims that international treaties prohibit strong HWLs and plain packaging are similar to tactics used to oppose smoking restrictions in the USA. There, the companies used claims of 'implied state preemption' or constitutional violations to deter local governments from issuing strong tobacco control policies;^{93,94} these claims were generally rejected by the courts when communities went to the expense of defending their laws in court. To support HWL and plain packaging threats and enhance credibility, as it did to undermine the scientific evidence that secondhand smoke is dangerous⁹⁵⁻⁹⁷ and that nicotine is addictive,^{98, 99} the companies financed development of sympathetic literature, the *Plain Packs* book, that it could then cite during hearings (eg, Canada in 1999¹⁰⁰ and Australia in 2001¹⁰¹) to press governments to withdraw proposals for advanced HWLs. (Canada adopted graphic HWLs covering 50% of the front and back of the package in 2000 and Australia withdrew its proposal.) Similar expropriation arguments succeeded in convincing Honduras to reduce a proposal for graphic HWLs from 80% to 50%.¹⁰² In 2012, Ukraine, Honduras and the Dominican Republic, pressed by the tobacco industries, filed complaints to the WTO about Australia's plain packaging law, which, as of September 2012, was still pending.

Implications for policy-makers

During the 1990s, the tobacco companies controlled the debate on the trademark issue and successfully intimidated governments on the issue. The public health community began to engage this issue in the 2000s; in 2004, an Australian legal scholar published a paper,¹⁰³ concluding, as had the private advice the tobacco companies had received years earlier, that the Paris Convention and TRIPS only protected trademark registration not use. During the 2010–2011 Australian debate on plain packaging, another legal scholar published a paper with the same conclusion.¹⁰⁴

Nevertheless, the tobacco industry has continued to assert that international treaties blocked countries from implementing plain packaging. In 2011, the Washington Legal Foundation published a monograph by Luik and Patrick Basham (director of the Democracy Institute and Cato Institute, libertarian organisations funded by tobacco industry^{105, 106}), *Plain Packaging for Consumer Products and the Implications for Trademark Rights*. This work argued that registration of a trademark ‘implies’ the right to use it,¹⁰⁷ citing Bernitz’s²³ 1990 interpretation of the Paris Convention. The Institute for Economic Affairs, another libertarian think tank funded by tobacco companies,¹⁰⁸ launched another book by Basham and Luik, *The Plain Truth about Cigarette Packaging*, in March 2012, arguing that ‘international trade agreements, smokers’ consumer rights, manufacturers’ intellectual property rights, and basic liberties are all at risk.’¹⁰⁹

In 2010, PMI started using bilateral investment treaties, a new but similar strategy to use international treaties, to attack countries that are seeking to implement strong domestic HWLs.^{91, 92} Unlike international treaties such as the Paris Convention and the WTO TRIPS, these bilateral treaties contain investor–state dispute settlement provisions that allow investors (tobacco companies) to challenge national government policies directly in international arbitration proceedings. In 2011, Philip Morris Switzerland filed an investor dispute under a bilateral investment treaty between Switzerland and Uruguay to challenge Uruguay’s 2008 law that mandated graphic HWLs covering 80% of the front of the package, and Philip Morris Asia filed a dispute under a bilateral investment treaty between Australia and Hong Kong to challenge Australia’s plain packaging law enacted in November 2011. (To ‘legally’ file the dispute under the Australia–Hong Kong bilateral investment treaty, PMI apparently transferred ownership of its Australian operation to Hong Kong in February 2011, 10 months after the proposal for plain packaging was introduced in Australia.^{110–112}) PMI claims that these laws are ‘unreasonable’ measures that harm their investment, which is protected under ‘fair and equitable treatment’ provisions in bilateral investment treaties that grant foreign investors (tobacco companies) the right to a ‘standard of treatment’ under international law.⁹¹ PMI again cited arguments over expropriation, seeking compensation in billions of dollars.¹¹⁰ As of September 2012, these claims remained pending.

In 2010 PMI was lobbying the USA’s trade representative to include an investor–state dispute settlement provision in the proposed Trans-Pacific Partnership (TPP) Agreement, a free trade agreement¹¹³ between the US, Australia, Brunei, Chile, New Zealand, Singapore, Malaysia, Peru, Japan and Vietnam¹¹⁴ that would allow the company to sue national parties directly rather than having to convince a state to do so. In February 2012, PMI (together

with oil company Chevron, retailer Target and the trade group Pharmaceutical Research and Manufacturers of America) sponsored a private meeting in Washington DC for US governors, US trade negotiators and top trade negotiators and representatives from the TPP countries to discuss the proposed TPP Agreement.¹¹⁵

Public health policy-makers need to play an active role in the development and implementation of all trade and investment treaties that impact public health, including the smaller bilateral treaties, which are often negotiated with much less fanfare than the large multilateral treaties, and so provide opportunities for the tobacco companies, working through their allies, to lobby for favourable pro-business provisions that can be later used to block public health laws and regulations. During the 1990s, BAT, working through third parties, secured amendments to the European Union Treaty that made it more difficult for the European Union to adopt regulations that the tobacco industry opposed.¹¹⁶ The meeting hosted by PMI and other businesses in Washington in February 2012 suggests that the tobacco companies are making progress in their efforts to co-opt broader concerns about protection of copyright and intellectual property to pursue its agenda, perhaps with or through other industries (eg, motion picture studios, which have a long history of working with the tobacco industry^{117, 118}).

Public health advocates and health ministries must pay close attention to bilateral investment treaties and free trade agreements that contain investment provisions to ensure that the industry does not succeed in lobbying for such provisions, which could create barriers for future HWL or other tobacco control policies. Doing so includes educating governments to argue that arbitrators in investor–state dispute settlement proceedings must recognise the FCTC as a binding international instrument. The Australian government’s decision not to withdraw the plain packaging proposal during 2010–2011, and the law’s enactment in November 2011, indicated that the government was no longer seriously threatened by the industry’s attacks, an example that should be noted by public health officials and advocates around the world.

Health advocates must also continue to promote the FCTC, particularly Article 5.3, and the position that legislation and regulations to protect public health, including HWLs, be given priority over trade and investment claims to advance HWLs and other tobacco control policies worldwide. This includes lobbying trade and investment negotiators for an explicit ‘carve out’ of tobacco in trade and investment treaties.

Limitations

BAT withheld 12 documents in the Legacy Tobacco Documents Library concerning international treaties, intellectual property and HWLs by claiming attorney–client privilege.^{47–51119–125} We know that these documents exist but not what they say. In addition, we did not conduct interviews with the decision makers who cited concerns over international obligations to protect the tobacco companies’ trademarks as an important reason for dropping plain packaging proposals to determine if those expressed concerns were the real reason that they dropped plain packaging or whether such public statements were really used as cover for decisions made for other political reasons.

CONCLUSION

The findings in this paper present one more example of tobacco companies using baseless legal threats to oppose tobacco control efforts. (On 5 October 2012, the High Court of Australia rejected tobacco company claims that the Australian Tobacco Plain Packaging Act of 2011 was illegal, and upheld the law.¹²⁶) Governments, including the UK and New Zealand, which had started drafting proposals for plain packaging as of February 2012, should not hesitate to implement proposals for plain packaging while waiting for the final outcome of international litigation against Australia, which may take several years to reach a final decision. Instead, governments should consider the legal advice that the tobacco companies themselves obtained and not be intimidated by tobacco industry threats and unsubstantiated claims. Governments should carefully craft HWL laws to withstand the inevitable tobacco industry lawsuits.

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What this paper adds**What is already known on this subject?**

- The tobacco industry prevented advanced HWLs on cigarette packages by implementing weak voluntary advertising agreements, influencing politicians and the media, and asserting exaggerated claims over contraband, often through third parties. The tobacco industry has also used various international treaties, citing violations of intellectual property rights, to block public health policies including HWLs.

What does this study add?

- Previously secret tobacco industry documents show that the tobacco industry's own lawyers, as well as the WIPO charged with implementing the Paris Convention, told the industry that its arguments were incorrect and that these treaties did permit governments to require strong HWLs, even to the point of requiring plain packaging. Governments should consider the legal advice that the tobacco companies themselves obtained and not be intimidated by tobacco industry threats and unsubstantiated claims, and carefully craft HWL laws designed to withstand the inevitable tobacco industry lawsuits.

Table 1

Legal advice on intellectual property protection provided to the tobacco industry

Date	Source	Authority	Legal advice
March 1991	Ulf Bernitz	Paris Convention	Unknown ²⁵
March 1991	Gunnar Karnell	Swedish Act on Trademarks and Instrument of Governments Act	'The right to a trade mark is personal property. It is, like other intellectual property rights, encompassed by the protection of property against expropriation and the like without compensation...' ²⁶
May 1992	Clayton Utz	Australian Trademarks Act	'The Trademarks Act may be constructed so as to confer on the registered holder of the trademark the right to exclude others from the use of that trademark. However it does not in our opinion, intend to control the circumstances in which the holder of a registered trademark may himself use that mark.' ³³
Aug 1992	Clayton Utz	Paris Convention	'The Company has also considered the issue of whether the proposed restrictions would be in breach of the Paris Convention on industrial property and the Australian Trade Mark Act. We are advised that there is no basis for any legal challenge against State and Territorial Governments on these grounds.' ³⁴
Dec 1992	Clayton Utz	GATT and Paris Convention	'In our opinion, the Industry would not be able to rely on the provisions of the Paris Convention, and the GATT to challenge the proposed legislation.' ³³
July 1993	DTI	GATT and TRIPS	'Registration of a trade mark does not confer the right to use it ... It would not be a breach of the TRIPS code for a country to have a complete ban on the sale of tobacco. Secondly, the registration of a trade mark for tobacco cannot prevent the operation of other regulations, for example, laws requiring health warning on packets.' ⁵³
Dec 1993	John Luik	GATT and TRIPS	'While I think the GATT/TRIPS process provides a useful entre to this problem [intellectual property], I believe that its ultimate usefulness might well be limited.' ⁶¹
April 1994	Plain Pack Group	NAFTA	'There appears to be no direct redress available to companies under NAFTA as regards product labeling.' ⁵³
May 1994	Plain Pack Group	GATT and TRIPS	<ul style="list-style-type: none"> 'Current conversations and treaties afford little protection GATT/TRIPS little joy'⁵⁶
July 1994	WIPO	Paris Convention	'The countries of the Paris Union are bound to admit trademarks for registration notwithstanding the nature of the goods to which they are applied (Article 7). However, the Paris Convention does not contain any obligation to the effect that the use of a registered trademark must be permitted.' ⁶⁴
August 1994	WIPO	Paris Convention	'Countries party to the Paris Convention remain free to regulate or prohibit the sale of certain types of goods, and the fact that a mark has been registered for such goods does not give the right to the holder of the registration to be exempted from any limitation or prohibition of use of the mark decided by the competent authority of the country where the mark is registered... In conclusion, it does not seem that Article 7 of the Paris Convention could serve as a basis for challenging existing or planned requirements of Paris Union member states regarding the plain packaging of tobacco products'. ⁷⁹

DTI, Department of Trade and Industry; GATT, General Agreement on Tariffs and Trade; NAFTA, North American Free Trade Agreement; TRIPS, (Agreement on) Trade Related Aspects of Intellectual Property Rights; WIPO, World Intellectual Property Organisation.