European Chamber of Commerce

Mr Lim Hng Kiang
Minister for Trade & Industry (Industry)
MINISTRY OF TRADE AND INDUSTRY
100 High Street #09-01 The Treasury
Singapore 179434
E-mail: lim_hng_kiang@mti.gov.sg

Singapore, 29th December 2015

Object: Why Standardised Packaging Regulations would be inconsistent with Singapore's Trade Mark Laws and cause a breach of Singapore's Obligations under International Treaties

Dear Minister Lim,

The European Chamber of Commerce (Singapore) ("***EuroCham***"), Intellectual Property Rights Committee ("***IPR Committee***") represents leading European multinationals from different sectors and industries operating in Singapore and the region. In this respect, EuroCham's IPR Committee provides European brand owners and law firms with a platform for sharing best practices and a channel of communication with the Singapore Government and EU Institutions. The IPR Committee is dedicated to supporting the protection and enforcement of IP rights and is a partner to Singapore's aspirations of becoming a regional and global IP hub.

During the Committee of Supply Debate in Parliament on 12 March 2015, the Ministry of Health ("***MOH***") announced its Budget Initiatives for 2015. In conjunction with this, a Media Factsheet titled 'Healthy Living Everyday: Tobacco Control'[1] was released. In this fact sheet, MOH announced that it would conduct a public consultation on the standardised packaging of tobacco products in Singapore towards the end of 2015. The EuroCham (Singapore), IPR Committee, has asked Bird & Bird ATMD to analyse the requirement of standardised packaging for goods from the perspective of Singapore's trade marks laws and her obligations under international laws.

Executive Summary

[1] The MoH's Media Factsheet 'Healthy Living Everyday: Tobacco Control' can be found under the following link: https://www.moh.gov.sg/content/moh_web/home/pressRoom/pressRoomItemRelease/2015/ministry-of-health-budget-initiatives-2015/_jcr_content/entryContent/download_3/file.res/Factsheet%20on%20Healthy%20Living%20Everyday%20-%20Tobacco%20Control%20(Mar%202015).pdf

The standardised packaging regime conflicts with basic trade mark law principles in that:

- It casts doubts upon the entire trade mark registration regime.
- It impairs the registered trade marks and design rights which had been lawfully acquired by the proprietors.
- It causes proprietors to lose rights to their trade mark registration due to non-use.
- As regards non-registered trade marks, it sets a near-impossible bar for a proprietor of the goodwill to successfully mount a claim in passing-off.

A standardised packaging regime is irreconcilable with intellectual property principles enshrined in international treaties such as the Paris Convention for the Protection of Industrial Property 1883 ("***Paris Convention***"), the Agreement on Trade Related Aspects of Intellectual Property Rights ("***TRIPs***") and the Technical Barriers to Trade Agreement ("***TBT***").

A standardise packaging regime also risks proliferation of counterfeit goods in the marketplace, thereby raising public health and safety concerns brought about by counterfeit goods.

Under a regime where the protection and preservation of intellectual property rights are diminished or altogether obliterated, businesses would be hesitant and dis-incentivised to invest in Singapore and would shun away from carrying any development and innovation here. This will unquestionably cause significant damage to Singapore's economic health in the long term.

Introduction

From its humble beginnings as a simple identifier of origin, brands have evolved into a sophisticated business tool which companies across all economic sectors rely upon when they commercialise their goods and services.

Businesses have spent, and will continue to spend, enormous sums on the creation of their brand equities. In many instances, the brand equity of a company is as significant to the

company as is its other tangible assets as it represents the value premium of the company's goods and services.

Trade marks, being the legal incarnation of brands, are by far the most widely used and recognised form of registered intellectual property rights.

Given that Singapore aims to establish itself as an intellectual property hub as well as to encourage a knowledge-based and innovation-driven economy, careful deliberation should be undertaken as regards any proposed implementation of standardised packaging as the implementation of such a regime may result in a breach of Singapore's obligations under various international treaties to which Singapore is a signatory.

The Value Proposition of a Trade Mark

A trade mark, typically in the form of a logo or a name, encapsulates the essential function of enabling the consumer to distinguish one product's source from another.

The awareness of a brand and the goodwill embodied in a trade mark often take many years to establish and is a process that involves the investment of millions, if not billions, of dollars. Yet, businesses remain highly motivated and willing to invest heavily in their trade marks.

A trade mark proprietor's exclusive right to use and to sanction the use of the mark – thereby enabling it to differentiate and protect its market share – is the core motivation for such an investment.

Therefore, to encourage economic activity and growth, it is crucial that businesses are enabled, especially in a crowded consumer market, to use a range of logos, colours, devices and non-traditional trade marks to distinguish their goods from those of their competitors. This not only benefits the trader, but importantly, also enables the consumer to more easily exercise choice and recognise the quality of a product which he had previously purchased. Ultimately, this plays a pivotal role in facilitating consumers to make informed decisions about the product they are purchasing.

Trade Mark Laws in Singapore

In Singapore, the main sources of protection for trade marks are the Trade Marks Act (Chapter 332) ("***TMA***") and the common law (more specifically, the common law tort of passing-off). The protection associated with a trade mark which is registered under the TMA is obtained by *registration*, whilst the protection relating to goodwill associated with a trade mark only arises through the *use of the trade mark* – regardless whether the trade mark registered or not.

In the following sections of this paper, references to a "TradeMark" shall refer to trade marks other than plain typeface word marks, for examples, logos, colours, devices and stylised word marks. References to a "registered mark" shall be to a TradeMark which is registered under the TMA.

Registered Marks

Doubts as to Trade Mark Registration

If the standardised packaging regime were to be implemented, it is doubtful whether the actual registration of a TradeMark would be possible if it could not be used.

Section 5(1)(e)(ii) of the TMA provides that "*An application for registration of a trade mark shall state that the applicant has a bona fide intention that the trade mark should be so used*".

Under a standardised packaging regime, any application filed for TradeMarks in Singapore may fall foul of this provision.

Impairment of Registered Trade Mark Rights

The implementation of a standardised packaging regime will also impair the rights that proprietors have lawfully acquired in their registered marks.

First, it deprives proprietors of their *positive right* to freely use or sanction the use of their TradeMarks on their products, which is contrary to section 26(1)(a) and (b) of the TMA

which provides that *"the proprietor of a registered trade mark has the exclusive rights to use the trade mark [and] to authorise other persons to use the trade mark in relation to the goods or services for which the trade mark is registered*". Therefore, when a class of traders are prevented from using logos, colours, devices and stylised typefaces to distinguish their goods from those of their competitors, the core function of a trade mark is severely emaciated, if not altogether lost, and is contrary to what is provided for by law.

Moreover, such denial of the proprietors' right to use their TradeMarks is reminiscent of the deprivation of the use and enjoyment of one's property. Such a condition is damaging for Singapore's business environment and climate and it threatens to reverse the goodwill and reputation of a business-friendly hub that Singapore has carefully accumulated over the years, hence threatening long-term adverse economic consequences and loss of global market competitiveness for Singapore.

On a related note, and consistent with the tenet of a *positive right* to use TradeMarks, IPR owners should enjoy unfettered discretion to use their TradeMarks, that is, a categorical *de facto* use (to fully fulfil the objective and spirit of trade mark law provisions) of their TradeMarks, as opposed to a limited or fictional use of their TradeMarks.

A trade mark registration not only confers upon a positive right to use the mark: Integral to the bundle of trade mark registration rights is the *negative right* to stop others from using the same or similar mark on the same or similar goods or services. This negative right will also be seriously impaired by a standardised packaging regime.

It has been clearly established by the Court of Appeal in *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc and another and another appeal* [2014] 1 SLR 911, that "in infringement proceedings [the test] is whether the actual use of a similar or identical sign by the infringer encroaches on the registered proprietor's monopoly rights under section 26 of the TMA, to use the mark in relation to goods and services for which he is already using it as well as the *penumbra of fair uses* for which he might want to use it" [emphasis added].

The imposition of standardised packaging would mean that proprietors of registered marks will also be thwarted in their attempts in raising any instances of notional fair uses of their TradeMarks on their products since there would not be any instances where fair use might apply legally.

For instance, there would be no circumstance under which said manufacturers would be able to apply their TradeMarks onto their products which are put up for sale legitimately in Singapore. This leads to the inevitable impairment of a manufacturer's claim under section 27(2) of the TMA and the claimant may be consequently deprived of the infringement remedies which are available only to successful claimants.

Further, the scope of the right to bring an infringement action itself depends critically on the use that has been made of the TradeMark. The more use that has been made of the TradeMark, the more recognised and distinctive it becomes and the wider the scope of protection given to it. Once a TradeMark has gained a reputation through use, it can be protected against activities by competitors and others which might lead to tarnishing or diluting that reputation or which are seen as piggy-backing or free-riding off the reputation of the TradeMark.

Revocation on the basis on non-use

Standardised packaging regulations will also cause the proprietors to lose their trade mark registration rights altogether.

Section 22(1)(a) of the TMA provides that "*[T]he registration of a trade mark may be revoked [if] within the period of 5 years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use*". Thus, under a standardised packaging regime, valuable intangible assets belonging to the proprietors of various registered marks would become vulnerable to revocation due to non-use.

Non-registered TradeMarks

When a business uses a mark (or more accurately an indicium) in the course of trade to distinguish its goods or services from those of another trader, it thereby acquires goodwill in the business, which is inextricably associated with the mark. The common law tort of passing-off offers protection against damage caused by another trader who has used (or threatens to use) the same or similar mark in the course of his business, thereby

misrepresenting the commercial relationship (where there is none) between that other trader and the owner of the goodwill.

As the first key element to a successful passing-off claim, the claimant must establish a goodwill attached to the goods or services which he supplied in the minds of the purchasing public by association with the identifying indicia.

The standardised packaging regime prevents proprietors of non-registered TradeMarks from successfully availing themselves to this common law protection in two-ways:-

First, in respect of any new TradeMarks in relation to new product lines, the proprietors will be unable to establish any goodwill for such non-registered TradeMarks due to the fact that they cannot be used in relation to the products, thereby creating a near-impossible bar for them in mounting a claim in passing-off.

Second, in respect of any existing TradeMarks to which goodwill has accrued due long extensive history of use in trade, the goodwill in such non-registered TradeMarks will slowly wither away since the TradeMarks are prohibited from use in relation to the products. Over time, the goodwill will weaken to a point where it would completely evaporate, thereby creating again the same near-impossible bar for the proprietor when mounting a claim in passing-off.

Design Rights

The standardised packaging regime, when assessed against Singapore's laws for the protection of design rights, is also incompatible with the registered design rights which proprietors have lawfully acquired in relation to their product packaging.

The registered design right protects the shape, configuration, pattern or ornament which is applied onto an article by any industrial process. Hence, the appearance of a product packaging – which results from the features of the lines, contours, shape and texture of the product – can be eligible for registration as a design under the Registered Designs Act ("***RDA***") (subject to certain conditions stipulated in the RDA – which are not relevant to the discussion in this paper).

The issues are similar to those discussed in the section on "*Impairment of Registered Trade Mark Rights*" (above): To the extent that the shape, configuration, pattern or ornament as applied on a product packaging is to be restricted or controlled in any way, the proprietor's right to make use of his registered design rights in such packaging will be severely emaciated, if not wholly lost. Again, such a result undermines the core function of a registered design right, and is contrary to what is provided for by law.

International Treaties

The standardised packaging regime is also irreconcilable with intellectual property principles enshrined in international treaties such as the Paris Convention for the Protection of Industrial Property 1883 ("***Paris Convention***"), the Agreement on Trade Related Aspects of Intellectual Property Rights ("***TRIPs***") and the Technical Barriers to Trade Agreement ("***TBT***").

The Paris Convention

Article 7 of the Paris Convention provides that "[*T*]*he nature of the goods to which a trademark is to be applied shall in no case form an obstacle to the registration of the mark*". A standardised packaging regime for goods would violate this provision since the restriction (i.e., the inability to use TradeMarks) is applied selectively based on a consideration of the nature of the specific goods.

Moreover, Article 6quinquies(B) of the Paris Convention prohibits trade marks from being either denied registration or invalidated except for a definite number of very narrow exceptions, none of which apply here. A standardised packaging regime would potentially violate this provision on both counts, by rendering registration impossible (due to lack of intention to use), and by enabling invalidation through the prevention of use.

The TRIPs Agreement

Singapore is a signatory to the TRIPs Agreement administered by the World Trade Organisation ("***WTO***"). The TRIPs Agreement covers many aspects of IPR and provides the minimum standard and protection of IPRs to which each signatory must adhere to. The

TRIPs Agreement further re-affirms the Paris Convention and it seeks to protect various types of industrial property, including patents, trademarks, industrial designs, utility models, service marks, trade names and geographical indications. Article 15(4) of TRIPs is a restatement of Article 7 of the Paris Convention (as discussed above) 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*".

That the registration of a trade mark should not be encumbered by the nature of the goods or services (Article 15(4) of TRIPs and Article 7 of the Paris Convention) is further buttressed by Article 20 of TRIPs. Article 20 of TRIPs provides that *"the use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as … 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*".

Article 20 of TRIPs, Article 15(4) of TRIPs and Article 7 of the Paris Convention, when read together, clearly enunciate the objection against measures such as standardised packaging, which would prevent the registration of TradeMarks and/or impose special requirements in the use of TradeMarks – both of which would greatly negate a proprietor's ability to distinguish his goods or services through his TradeMark

Furthermore, under a standardised packaging regime, even the use of plain typeface word marks have to be "in a special form", namely in a prescribed manner (as to specific size and font). This effectively results in said manufacturers having to even curtail or limit the use of their plain typeface word marks in Singapore. These encumbrances are again patently in the contravention of the respective treaties.

While TRIPs acknowledges the importance of public health in Article 8.1, which allows member countries to adopt necessary measures to protect public health when formulating or amending their laws, this provision does not affect the *status quo* position in Article 20: Article 8.1 is ultimately subject to the overriding express caveat that such measures (where taken by member countries) are to be consistent with the other provisions of the TRIPs Agreement, such as Articles 15.4 and 20.

Therefore, Article 8 cannot be used to "disapply" particular provisions of TRIPs on the grounds of public health.

Technical Barriers to Trade Agreement ("TBT")

As provided by the WTO, the TBT "*aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade*".

Two of the key pillars of the TBT are the "avoidance of unnecessary barriers to trade" and the "harmonisation around international standards", both of which are based upon the principle that members should not utilise "technical restrictions" as a pretext to unnecessarily obstruct international trade without a legitimate objective. Additionally, where international standards exist, nations should use these standards as guidelines as a basis for formulating policies as regards technical regulations, standards and conformity assessment procedures.

To elaborate, Article 2.1 provides that "*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*".

Article 2.2 goes on to provide that "*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. … …*".

A standardised packaging regime, in imposing unnecessary technical restrictions – i.e., a requirement for imported goods to be packaged in a way which would render trade mark and/or design rights null – would be in contravention of the TBT.

Other considerations

Counterfeits

Counterfeiting activities is another notable consideration that ought to be deliberated before the implementation of standardising packaging. Under a regime where products are driven into "anonymity", it would inevitably result in difficulties in distinguishing between genuine and counterfeit goods. Moreover, it would also make manufacturing counterfeit goods easier and cheaper – thereby lowering the barriers of entry and risking proliferation of counterfeit goods in the marketplace.

The resulting public health and safety concerns from such counterfeit goods would indubitably be greater as counterfeiters would almost certainly not adopt any form of product safety or quality control measures in respect of their goods.

Ironically, this increased volume of counterfeit goods in the marketplace – being an unintended consequence of the imposition of a standardised packaging regime – may undermine any prospective benefit to public health and safety (which is the objective sought to be achieved by the same regime).

Economic Impact

The implications and implementation of standardised packaging are far-reaching and could affect products and manufacturers across industries, especially those subject to high-levels of regulations, for instance, alcohol, food, medicines, confectionary, beverage, cosmetics and automotive industries.

Hence, standardised packaging legislation would deny one or more sectors of industry the benefits of their intellectual property rights, and set a dangerous precedent for the potential loss of rights for other industries.

Under a regime where the protection and preservation of intellectual property rights is diminished or altogether obliterated, businesses would have no confidence to invest in the market and would shun away from carrying out any form development and innovation in Singapore.

The issue is, therefore, a matter of concern to a significant many trade mark owners in Singapore.

Conclusion

Standardised packaging of goods conflicts with basic trade mark law principles by eliminating all meaningful use of trade marks on affected products.

In terms of registered marks, the imposition of a standardised packaging regime would impede on a proprietor's positive right to freely use and sanction for use their TradeMarks as

well as their negative right to prevent others from using the same or similar mark on the same or similar goods or services. Moreover, it may cause proprietors of registered marks to lose their marks altogether on grounds of non-use.

As regards non-registered marks, a standardised packaging regime would pose an insurmountable barrier for a proprietor to establish any goodwill within the domestic market and would cause already existing goodwill to wither away to the detriment of the proprietor, which is likely to result in significant economic loss.

Finally, Singapore will be in breach of its international obligations under TRIPs, TBT and the Paris Convention if it were to adopt a standardised packaging regime for any genre of products, including tobacco products. A contravention of her international treaties obligations by Singapore will prompt a loss of investors and consumer confidence in the nation state, causing significant damage to Singapore's economic health in the long term.

We are very grateful for your understanding and support, and we remain at your disposal should you need any further information.

Respectfully yours,

Lina Baechtiger
Executive Director
EuroCham Singapore
E-mail: Lina.baechtiger@eurocham.org.sg

Cc: Minister GAN Kim Yong – Ministry of Health
Minister HENG Swee Keat – Ministry of Finance
Minister K Shanmugam – Ministry of Law
Mr. Daren TANG – Chief Executive Intellectual Property Office of Singapore
Mr. HO Chee Pong – Director General Singapore Customs
Minister S Iswaran – Ministry of Trade and Industry (Industry)