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Australian Tobacco Law May Head To WTO Dispute As TRIPS Council Meets

By William New, Intellectual Property Watch on 28/02/2012 @ 11:51 am

The World Trade Organization committee responsible for intellectual property issues today is meeting to address its usual list of topics with two recent additions of international interest. Countries negotiating the embattled Anti-Counterfeiting Trade Agreement (ACTA) and a country opposed to Australia's public health law on tobacco packaging have added these to the agenda. Sources at the meeting say opponents of the tobacco law may be near to filing a dispute settlement case at the WTO.

The WTO Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) meets on 28 February and into 29 February as necessary.

According to the WTO, ACTA will come under the subject of enforcement and was requested by Australia, Canada, the European Union, Japan, Korea, Mexico, New Zealand, Singapore, Switzerland and the United States. Most of the countries in that group have already signed ACTA, but it has come under harsh public scrutiny in recent weeks in Europe. The European Commission announced last week that the ratification process in EU countries is on hold pending a European Court of Justice decision about the legality of the agreement negotiated last year. Some developing countries may use the opportunity to raise concerns about the plurilateral trade agreement.

Tobacco Packaging

Also on the list again is a law passed by Australia requiring plain packaging for tobacco products in an effort to discourage use of those products deemed harmful to public health. The Dominican Republic, along with several other countries and tobacco industry lobbyists, has cited the economic impact of the law and has raised questions about the compliance with WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The issue is seen generally as a test of a national government's ability to take actions in their domestic public interest despite their harm to trade in a particular product, and more specifically of trademark provisions in TRIPS.

Some delegates said today that opponents of the law may shortly bring a case against Australia under the WTO Dispute Settlement Body related to preventing companies from using their trademarks. The DSB process would begin with consultations between the parties.

An Australian government website on the law, including pictures of the packaging, [is here](#) ^[1].

At the last TRIPS Council meeting, countries raising concern about the tobacco law included: Cuba, Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua, Nigeria, Ukraine, and Zimbabwe). Some of those could join if a dispute settlement case is brought.

Countries speaking in favour of countries' right to use flexibilities in the TRIPS Agreement for public health purposes including tobacco control included Brazil, Chile, China, India, the EU and Switzerland. Supporters of Australia were New Zealand, Norway and Uruguay. At the TRIPS Council, the World Health Organization spoke to the seriousness of global smoking problems and said plain packaging is part of the agreed WHO Framework Convention on Tobacco Control.

The tobacco industry has already filed two lawsuits against Australia, one through a bilateral treaty between Hong Kong and Australia, and one within Australia.

In November 2011, Philip Morris Asia Limited (PMA), Hong Kong, acting for its Australian affiliate Philip Morris Limited, (PML) served a notice of arbitration under Australia's Bilateral Investment Treaty with Hong Kong, signed in 2003.

The bilateral treaty signed in 2003 secures reciprocal protection for investments, including an

investor-state provision allowing companies from one country to sue the other government directly. Under TRIPS rules, disputes may only be brought between governments.

In its press release, PMA sought the suspension of Australia's plain packaging legislation and for compensation for potential effect of the law to its trademarks and investments in Australia. The tobacco maker estimated damages could reach "billions of dollars."

PML manufactures cigarettes under the brands Marlboro, Alpine, Longbeach, Peter Jackson, Choice and GT.

PMA first notified the Hong Kong government on its intent to file a case against Australia in June 2011. It had proposed Singapore as the seat of arbitration and with the Secretary-General of the Permanent Court of Arbitration at The Hague as the appointing authority.

The Philip Morris press release on the Hong Kong filing [is here](#) ^[2].

PML filed a second case in Australia in December 2011. The Philip Morris press release [is here](#) ^[3].

Other Issues

Other topics expected to arise at the meeting include a public health amendment to the TRIPS Agreement; a review of higher level protection for wines and spirits geographical indications (TRIPS Art. 24.2); and longstanding issues related to biodiversity and patents on life forms that have been tied to the stalled Doha Round of negotiations at WTO. The developing country proposal for a TRIPS amendment requiring disclosure of origin of genetic material in patent applications has surfaced at the neighbouring World Intellectual Property Organization.

A further agenda item is a provision allowing one country to file a complaint about the action of another even if it does not violate a WTO agreement. The moratorium on this non-violation clause under TRIPS was extended in December by the ministerial conference until the next ministerial to be held in 2013.

In addition, the Council may discuss follow-up to a review of TRIPS Article 66.2, under which developed countries are required to take measures to enable technology transfer to developing countries. Also, discussion may be held on least developed countries' needs to help them toward future implementation of the TRIPS Agreement. Such countries are still under a transition period.

Separately, since the last TRIPS Council meeting in October, several more countries have adopted the public health amendment to TRIPS, including: Cambodia, Panama, Costa Rica, Rwanda, and Honduras. When two-thirds of the WTO membership has adopted it, the 2005 amendment to TRIPS goes into effect. The list of those who have accepted the amendment is [available here](#) ^[4].

The amendment is already in effect as a temporary waiver to TRIPS agreed in August 2003. The measure waived a provision in TRIPS that requires that substantially all of pharmaceuticals produced under compulsory licence be for domestic use. The waiver is intended to help developing countries lacking domestic production capabilities to obtain needed drugs affordably. The waiver has only been used once.

Intern Maricel Estavillo contributed to this report.

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- [WTO IP Committee Addresses Medicines Access, Plain-Packaged Tobacco, ACTA](#) ^[5]
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URLs in this post:

[1] is here: <http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/plainpack-tobacco#.T0yiXfWHG1c>

[2] is here: http://www.pmi.com/eng/media_center/press_releases/pages

/pm_asia_plain_packaging.aspx

[3] is here: **http://www.pmi.com/eng/media_center/press_releases/pages/201112200854.aspx**

[4] available here: **http://www.ip-watch.orgwww.wto.org/english/tratop_e/trips_e/amendment_e.htm**

[5] WTO IP Committee Addresses Medicines Access, Plain-Packaged Tobacco, ACTA:

<http://www.ip-watch.org/2011/10/23/wto-ip-committee-to-address-medicines-access-plain-packaged-tobacco-acta/>

[6] WTO General Council Extends Deadline For TRIPS Health Amendment: **<http://www.ip-watch.org/2011/12/01/wto-general-council-extends-deadline-for-trips-health-amendment/>**

[7] Plain Packaging For Tobacco Raises IPR Questions At WTO: **<http://www.ip-watch.org/2011/06/16/plain-packaging-for-tobacco-puts-wto-members-in-a-quandary/>**