

Annex 3: Excerpts from the High Court of Australia decision

Full copy of the decision is available at: <http://www.hcourt.gov.au/cases/case-s389/2011>

“However, BAT correctly submitted that **rights to exclude others from using property have no substance if all use of the property is prohibited.**” (French, Para. 37)

“**Taking involves deprivation of property seen from the perspective of its owner.** Acquisition involves receipt of something seen from the perspective of the acquirer.” (French, Para. 42)

“While the **imposition of those controls may be said to constitute a taking in the sense that the plaintiffs' enjoyment of their intellectual property rights and related rights is restricted,** the corresponding imposition of controls on the packaging and presentation of tobacco products **does not involve the accrual of a benefit of a proprietary character** to the Commonwealth which would constitute an acquisition.” (French, Para. 44)

“The issue...is whether the tobacco product requirements of the Packaging Act do not amount to an "acquisition" of the property.... **This presents two questions. The first is whether there is a "taking" or "deprivation" of the property of the plaintiffs** and, if so, the second question is whether the Packaging Act effects an "acquisition" of property otherwise than on just terms as proscribed by s 51(xxxi) of the Constitution... For the reasons which follow, **there is sufficient impairment, at least of the statutory intellectual property of the plaintiffs, to amount to a "taking", but there is no acquisition** of any property. (Gummow, Paras. 100-101)

“The rights mentioned in respect of **registered trade marks are in substance, if not in form, denuded of their value and thus of their utility** by the imposition of the regime under the Packaging Act. Section 28 of the Packaging Act goes to some lengths to preserve registrations against attack under the TMA by reason of non-use necessitated for compliance with the Packaging Act. Nevertheless, whilst the registration...may remain, it is impaired in the manner just described.” (Gummow, Para. 138)

“**The system established by the Packaging Act is designed to give the opposite effect to trade mark use, namely by encouraging consumers to turn away from tobacco products even if that otherwise is where they would "want to go". This is achieved by the contraction of device trade marks to the bare brand name** and the required appearance of brand names, including those separately registered as word marks, in small print against a background of unattractive colour. A licensee or assignee, at peril otherwise of contravening the offence provisions in Ch 3 of the Packaging Act, would be enabled to exercise a licence or enjoy the assignment only in this constrained manner. **The result is that while the trade marks remain on the face of the register, their value and utility for assignment and licensing is very substantially impaired.**” (Gummow, Para. 139)

“The circumstances just described are **sufficient to render the operation of the Packaging Act a "taking"** of these items of intellectual property.” (Gummow, Para. 141)

“The tobacco companies' central complaint in these proceedings is that the **TPP Act prohibits them from using their intellectual property in or on their retail packaging in the way in which they have used it,** and would wish to continue to use it, to promote the sale of their products. **They say that it follows that the TPP Act will take their property.** On the face of it, **that proposition seems hard to deny,** but its accuracy need not be examined.” (Hayne/Bell, Para. 164)

“And as the tobacco companies pointed out, the **TPP Act greatly restricts, even eliminates, their ability to use their packaging** as they would wish.” (Hayne/Bell, Para. 182)

“Though the TPP Act left formal ownership of the proprietors' property with them, it **deprived them of control of their property**, and of the benefits of control. The TPP Act **gave that control and the benefits of that control to the Commonwealth.**” (Heydon Dissent, Para. 212)

“...each of the **property rights pleaded by the proprietors was rendered useless** for all practical purposes. Each property right conferred included a right of use by the owner. As a matter of form, **the legislation** had not deprived the proprietors of their proprietorship. But in substance it **had deprived them of everything that made the property worth having.** For all practical purposes, the proprietors had lost the right to assign or licence any trade marks, registered designs, patents, copyright and get-up protectable at common law that they owned. No-one would pay anything for these things. Under the TPP Act, any assignee or licensee is forbidden to use them on pain of criminal and civil penalties (ss 31-48). **So far as the proprietors retain their rights as owners of intellectual property to exclude others from its use, those rights are hollow.** No third party could use the property without being exposed to criminal and civil penalties unless it used only a "brand, business or company name" which was a word mark or part of a word mark. That unlikely event would leave the relevant proprietor with only vestigial rights to control use by third parties. (Heydon Dissent, Para. 216)

“...the **TPP Act gives the Commonwealth exclusive use of the space on a chattel owned by a proprietor.** This is more than the destruction of a substantial range of property rights. The legislation deprives the proprietors of their statutory and common law intellectual property rights and their rights to use the surfaces of their own chattels. It gives new, related rights to the Commonwealth. One is the right to command how what survived of the intellectual property ("the brand, business or company name") should be used.” (Heydon Dissent, Para. 217)

“The Commonwealth's new rights of control are rights closely connected with the proprietors' **now-defunct property rights...** **The Commonwealth acquired the right to have the cigarette packets of each proprietor presented in the course of trade in the get-up of its choice.** That get-up shows very little of the proprietor's intellectual property. Instead, it shows health warnings and the Quitline logo and message. The colour and shape of the packet and the font size to be employed on it are specified in the legislation. Of the proprietor's intellectual property, only its "brand, business or company name" remains. **The rights the Commonwealth acquired substantially correspond with those the proprietors lost.**” (Heydon Dissent, Para. 218)

“Thus the legislation ensured that **some of the proprietors' property was destroyed** and some applied totally for a purpose of the Commonwealth.” (Heydon Dissent, Para. 219)

“...all the **proprietors' intellectual property had been rendered completely worthless**, and the right to use the space on the packets had disappeared.” (Heydon Dissent, Para. 223)

“**But a central element of proprietorship, control, had been taken and employed by the Commonwealth** as a step in the fulfilment of its own purposes.” (Heydon Dissent, Para. 224)

“In effect, the Commonwealth has said to the proprietors through the TPP Act: "You have been controlling your intellectual property and your chattels with a view to making profits in your businesses; **I want to stop you using the intellectual property in very large measure, and command you as to how you are to use what is left of your property, not with a view to making profits in your businesses, but with a view to damaging them** by making the products you sell unattractive; I will therefore take over control of your intellectual property and chattels from you." (Heydon Dissent, Para. 226)

“It may be accepted that some or **much of the value of their intellectual property has been lost in Australia.** A **trade mark** that cannot lawfully be used in connection with the goods to which it is relevant is **unlikely to be readily assignable.** The restriction on the use of the marks is likely to have effects upon the custom drawn to their businesses and upon their profits.” (Kiefel, Para. 356)