

**IN THE WORLD TRADE ORGANISATION**

**Australia – Certain Measures Concerning Trademarks and other Plain  
Packaging Requirements Applicable to Tobacco Products and Packaging  
(WT/DS434)**

**Australia – Certain Measures Concerning Trademarks, Geographical  
Indications and other Plain Packaging Requirements Applicable to Tobacco  
Products and Packaging  
(WT/DS435/441/458/467)**

**Third Party Submission  
of  
Norway**

Geneva  
10 April 2015

**Table of Contents**

- I. INTRODUCTION ..... 1
- II. TOBACCO PLAIN PACKAGING IS THE NEW INTERNATIONAL STANDARD .. 1
- III. TRIPS AGREEMENT ..... 5
  - A. Introduction ..... 5
  - B. The TRIPS Agreement does not provide for a “right to use” a trademark ..... 6
    - a) Introduction ..... 6
    - b) The ordinary meaning of the terms ..... 6
    - c) Article 15 of the TRIPS Agreement does not support a “right to use” the trademark  
6
    - d) Article 16 of the TRIPS Agreement confirms that the only right protected by the  
TRIPS Agreement is the negative right to prevent use by third parties..... 7
    - e) Article 20 of the TRIPS Agreement does not support a “right to use” the trademark  
8
    - f) The Paris Convention does not provide for a “right to use” a trademark ..... 9
    - g) Article 8.1 of the of the TRIPS Agreement does not support a “right to use” a  
trademark ..... 9
    - h) Conclusion ..... 10
  - C. Legal issues related to Article 20 of the TRIPS Agreement ..... 10
    - a) Introduction ..... 10
    - b) Legal standard ..... 11
    - c) Conclusion ..... 17
- IV. TBT AGREEMENT ..... 17
  - A. Introduction ..... 17
  - B. The FCTC Guidelines are relevant international standards in accordance with  
Article 2.5 of the TBT Agreement ..... 19
  - C. The assessment of whether the measure can be considered to be more trade  
restrictive than necessary under Article 2.2 of the TBT Agreement ..... 20
    - a) The complainants must as a threshold matter establish that the measure is trade-  
restrictive ..... 20
    - b) The assessment of necessity ..... 22
    - c) Conclusion ..... 30
- V. CONCLUSION ..... 30

Table of cases cited in this submission

<b>Short Title</b>	<b>Full Case Title and Citation</b>
<i>Brazil – Retreaded Tyres</i>	Appellate Body Report, <i>Brazil – Measures Affecting Imports of Retreaded Tyres</i> , WT/DS332/AB/R, adopted 17 December 2007, DSR 2007:IV, 1527
<i>Brazil – Retreaded Tyres</i>	Panel Report, <i>Brazil – Measures Affecting Imports of Retreaded Tyres</i> , WT/DS332/R, adopted 17 December 2007, as modified by Appellate Body Report WT/DS332/AB/R, DSR 2007:V, 1649
<i>China – Raw Materials</i>	Appellate Body Reports, <i>China – Measures Related to the Exportation of Various Raw Materials</i> , WT/DS394/AB/R / WT/DS395/AB/R / WT/DS398/AB/R, adopted 22 February 2012
<i>Colombia – Ports of Entry</i>	Panel Report, <i>Colombia – Indicative Prices and Restrictions on Ports of Entry</i> , WT/DS366/R and Corr.1, adopted 20 May 2009, DSR 2009:VI, 2535
<i>EC – Asbestos</i>	Appellate Body Report, <i>European Communities – Measures Affecting Asbestos and Asbestos-Containing Products</i> , WT/DS135/AB/R, adopted 5 April 2001, DSR 2001:VII, 3243
<i>EC - Biotech</i>	Panel Reports, <i>European Communities – Measures Affecting the Approval and Marketing of Biotech Products</i> , WT/DS291, 292, 293/R
<i>EC – Sardines</i>	Appellate Body Report, <i>European Communities – Trade Description of Sardines</i> , WT/DS231/AB/R, adopted 23 October 2002, DSR 2002:VIII, 3359
<i>EC – Seal Products</i>	Appellate Body Report, <i>European Communities – Measures Prohibiting the Importation and Marketing of Seal Products</i> , WT/DS400/AB/R, adopted 18 June 2014
<i>EC – Trademarks and Geographical Indications (Australia)</i>	Panel Report, <i>European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Complaint by Australia</i> , WT/DS290/R, adopted 20 April 2005, DSR 2005:X, 4603
<i>Korea – Various Measures on Beef</i>	Appellate Body Report, <i>Korea – Measures Affecting Imports of Fresh, Chilled and Frozen Beef</i> , WT/DS161/AB/R, WT/DS169/AB/R, adopted 10 January 2001, DSR 2001:I, 5
<i>US – Clove Cigarettes</i>	Panel Report, <i>United States – Measures Affecting the Production and Sale of Clove Cigarettes</i> , WT/DS406/R, adopted 24 April 2012, as modified by Appellate Body Report WT/DS406/AB/R
<i>US – COOL</i>	Appellate Body Reports, <i>United States – Certain Country of Origin Labelling (COOL) Requirements</i> , WT/DS384/AB/R / WT/DS386/AB/R, adopted 23 July 2012

<i>US – COOL</i>	Panel Reports, <i>United States – Certain Country of Origin Labelling (COOL) Requirements</i> , WT/DS384/R / WT/DS386/R, adopted 23 July 2012, as modified by Appellate Body Reports WT/DS384/AB/R / WT/DS386/AB/R
<i>US – Gambling</i>	Appellate Body Report, <i>United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services</i> , WT/DS285/AB/R, adopted 20 April 2005, DSR 2005:XII, 5663 (Corr.1, DSR 2006:XII, 5475)
<i>US – Tuna II (Mexico)</i>	Appellate Body Report, <i>United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products</i> , WT/DS381/AB/R, adopted 13 June 2012
<i>US – Tuna II (Mexico)</i>	Panel Report, <i>United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products</i> , WT/DS381/R, adopted 13 June 2012, as modified by Appellate Body Report WT/DS381/AB/R
<i>US – Wool Shirts and Blouses</i>	Appellate Body Report, <i>United States – Measure Affecting Imports of Woven Wool Shirts and Blouses from India</i> , WT/DS33/AB/R, adopted 23 May 1997, and Corr.1, DSR 1997:I, p.323

## I. INTRODUCTION

1. Norway welcomes the opportunity to be heard and to present its views as a third party in this dispute regarding Australia’s plain packaging requirements applicable to tobacco products and packaging.

2. In part II of this written submission, we explain the background for the tobacco plain packaging measure, as well as the framework in which it operates. We also highlight some of the main features of the measure itself. In part III, we focus on the claims related to the TRIPS Agreement. We explain why the Agreement does not provide for a right to use a trademark, and clarify our views on some of the legal issues that are raised by the parties under Article 20. Part IV focuses on the claim that the tobacco plain packaging measure violates Article 2.2 of the Agreement on TBT Agreement. Norway sets out its main views on the assessment under Article 2.2 of whether the measure can be considered to be more trade-restrictive than necessary, and also addresses the issue of whether Article 2.5 in this case provides for a rebuttable presumption that the plain packaging measure does not create an unnecessary obstacle to international trade.

## II. TOBACCO PLAIN PACKAGING IS THE NEW INTERNATIONAL STANDARD

3. The World Health Organization (WHO) has labelled tobacco use as a global epidemic and “one of the biggest public health threats the world has ever faced”<sup>1</sup>. According to the WHO, tobacco is “killing nearly six million people a year”, and “up to half of current users will eventually die of a tobacco-related disease”.<sup>2</sup>

4. Due to the ingredient nicotine, all tobacco products are highly addictive. It is scientifically documented that tobacco products, used as intended, cause disease and death.<sup>3</sup> Indeed, tobacco use is the only risk factor common to each of the four major non-communicable diseases; cardiovascular diseases, cancers, chronic respiratory diseases and diabetes.<sup>4</sup> Use of tobacco products may also cause disease and death in those who do not smoke, including

---

<sup>1</sup> WHO Fact Sheet No. 339, updated, May 2014. Available from: <http://www.who.int/mediacentre/factsheets/fs339/en/>

<sup>2</sup> WHO Fact Sheet, No. 339, updated May 2014. Available from: <http://www.who.int/mediacentre/factsheets/fs339/en/>

<sup>3</sup> Tobacco use is currently one of the leading causes of preventable deaths in the world. See WHO, *Global Status Report on noncommunicable diseases 2014*, p. 53. Available from: [http://apps.who.int/iris/bitstream/10665/148114/1/9789241564854\\_eng.pdf](http://apps.who.int/iris/bitstream/10665/148114/1/9789241564854_eng.pdf)

<sup>4</sup> Written Submission for Non-Party Amicus Curiae, dated 11. February 2015, from the Union for International Cancer Control and Cancer Council Australia, para. 4.1.

children. So-called passive smoking, or second-hand smoke, is responsible for the deaths of 600 000 people annually.<sup>5</sup> There is no safe level of tobacco use, or of second-hand exposure.

5. In addition to the serious health consequences, WHO and the Secretariat for the WHO Framework Convention on Tobacco Control (FCTC) explain in their joint Amicus Brief that tobacco consumption is associated with “substantial social and economic costs”, and has “substantial environmental consequences”.<sup>6</sup> All the negative consequences of tobacco consumption and exposure have a particularly grave impact on developing countries.<sup>7</sup>

6. WHO plays a vital role in the world’s effort to reduce the public health harms caused by tobacco use. FCTC forms a cornerstone in this work, and was developed as a response to the globalization of the tobacco epidemic.<sup>8</sup> The convention entered into force in 2005, and has been ratified by 180 states.<sup>9</sup>

7. Article 3 of the FCTC sets out that its objective is

*to protect present and future generations from the devastating health, social, environmental and economic consequences of tobacco consumption and exposure to tobacco smoke by providing a framework for tobacco control measures to be implemented by the Parties at the national, regional and international levels in order to reduce continually and substantially the prevalence of tobacco use and exposure to tobacco smoke.*

8. To achieve this objective, the FCTC “obliges [p]arties to implement a number of control measures aimed at reducing demand for tobacco products”.<sup>10</sup> The relevant measures include Article 11 (packaging and labelling) and Article 13 (tobacco advertising, marketing and sponsorship).

9. Although each of the control measures set out in the FCTC will contribute to reaching the objective, the history of the tobacco control policy clearly demonstrates that a number of strict measures have to be enacted simultaneously before such policies in sum can successfully challenge the global tobacco epidemic.<sup>11</sup> Thus, it is a guiding principle for the implementation

---

<sup>5</sup> WHO Fact Sheet No. 339, updated, May 2014. Available from: <http://www.who.int/mediacentre/factsheets/fs339/en/>

<sup>6</sup> Information for Submission to the Panel by a Non-Party, dated 16. February 2015, by the WHO and the WHO Framework Convention for Tobacco Control Secretariat (“Joint Amicus Brief”), para. 4.

<sup>7</sup> Joint Amicus Brief, para. 4.

<sup>8</sup> WHO Fact Sheet No. 339, updated, May 2014. Available from: <http://www.who.int/mediacentre/factsheets/fs339/en/>.

<sup>9</sup> See [http://www.who.int/fctc/signatories\\_parties/en/](http://www.who.int/fctc/signatories_parties/en/).

<sup>10</sup> Joint Amicus Brief, para. 15.

<sup>11</sup> See Joint Amicus Brief, para. 16.

of the convention, that “[c]omprehensive multisectoral measures and responses to reduce consumption of all tobacco products [...] are essential” (Article 4). In keeping with this principle, one of the general obligations of the convention is “to develop, implement, periodically update and review comprehensive multisectoral national tobacco control strategies, plans and programmes in accordance with this Convention” (Article 5.1).”

10. A comprehensive approach must include “all aspects of supply and demand for tobacco products and apply to all tobacco products”.<sup>12</sup> The FCTC includes measures covering all the relevant aspects.<sup>13</sup>

11. The tobacco industry has acknowledged that “packaging plays an increasingly important role in promoting tobacco products, as other restrictions on tobacco advertising and promotion are tightened”.<sup>14</sup> The tobacco packages not only serve to promote the products at the point of sale, but also after this point, for instance by consumers displaying “branded tobacco packaging when they use tobacco products [...] [and] when they offer tobacco products to others.”<sup>15</sup> In this way, tobacco packaging functions like a billboard.<sup>16</sup> Tobacco advertising also targets young people, and as such seeks to influence youth smoking behaviour.<sup>17</sup>

12. The promotional effect of packaging is especially important in markets such as Australia, where the implementation of “a long line of measures [...] progressively [have] restricted the marketing, advertising and promotion of tobacco products, culminating in [a] dark market”.<sup>18</sup> In this picture, tobacco plain packaging is “the next logical” step in a comprehensive strategy of restricting advertising and promotion.<sup>19</sup>

13. The Conference of the parties to the FCTC has adopted Guidelines, which are intended to assist the parties “in meeting their obligations and in increasing the effectiveness of measures adopted”.<sup>20</sup> The Guidelines for the implementation of Article 11 and the Guidelines for the implementation of Article 13 both recognize the importance of the packaging in marketing of tobacco products, and recommend the implementation of tobacco plain packaging.

---

<sup>12</sup> Australia’s First Written Submission, para. 38.

<sup>13</sup> Australia’s First Written Submission, para. 49.

<sup>14</sup> Joint Amicus Brief, para. 28.

<sup>15</sup> Joint Amicus Brief, para. 29.

<sup>16</sup> Joint Amicus Brief, para. 29.

<sup>17</sup> Australia’s First Written Submission, para. 63.

<sup>18</sup> Australia’s First Written Submission, para. 54.

<sup>19</sup> Australia’s First Written Submission, title to part II.D.3.

<sup>20</sup> Joint Amicus Brief, para. 22. The Guidelines for the implementation of Article 11, para. 1, and the Guidelines for the implementation of Article 13, para. 1.

14. The Guidelines are based on “available scientific evidence and the experience of the Parties themselves implementing tobacco control measures”, and were adopted by consensus after a consultation procedure.<sup>21</sup>

15. The Article 11 Guidelines recommend that

*Parties should consider adopting measures to restrict or prohibit the use of logos, colours, brand images or promotional information on packaging other than brand names and product names displayed in a standard colour and font style (plain packaging).*<sup>22</sup>

16. It is explained that “[t]his may increase the noticeability and effectiveness of health warnings and messages, prevent the package from detracting attention from them, and address industry package designs that may suggest that some products are less harmful than others”.<sup>23</sup>

17. Underscoring the effect of plain packaging in connection with advertising, promotion and sponsorship, the Guidelines for the implementation of Article 13 further recommend that

*Packaging and product design are important elements of advertising and promotion. The Parties should consider adopting plain packaging requirements to eliminate the effects of advertising or promotion on packaging. Packaging, individual cigarettes or other tobacco products should carry no advertising or promotion, including design features that make products attractive.*<sup>24</sup>

18. The tobacco plain packaging measure at issue in this dispute was implemented, amongst others, “to give effect to certain obligations that Australia has” as a party to the FCTC.<sup>25</sup> It is specifically referred to the Guidelines for implementation of Articles 11 and 13.<sup>26</sup>

19. The tobacco plain packaging requirements are set out in the Australian Tobacco Plain Packaging (TPP) Act and the accompanying regulations.<sup>27</sup> The requirements are directed at both the usage of trademark on tobacco packages and products, as well as the physical appearance of tobacco packages and products. While the trademark requirements call for the removal of imagery and design of the retail packages and the products, the physical

---

<sup>21</sup> Australia’s First Written Submission, para. 106.

<sup>22</sup> Guidelines for the implementation of Article 11, para. 46.

<sup>23</sup> Guidelines for the implementation of Article 11, para. 46.

<sup>24</sup> Guidelines for the implementation of Article 13, para. 17.

<sup>25</sup> Australia’s First Written Submission, para. 135, referring to the text in the Tobacco Plain Packaging Act Article 3. See also Australia’s First Written Submission, para. 140

<sup>26</sup> Australia’s First Written Submission, para. 140.

<sup>27</sup> See Australia’s First Written Submission, para. 125

requirements include requirements for the colour, shape and size. The measure applies to all tobacco products.<sup>28</sup>

20. The objectives of the measure are laid down in the TPP Act itself, and include both general and specific objectives. In an Explanatory Memorandum to the Act, the relationship between the general and specific objects is explained as follows:

*This Bill will prevent tobacco advertising and promotion on tobacco products and tobacco product packaging in order to*

- *reduce the attractiveness and appeal of tobacco products to consumers, particularly young people;*
- *increase the noticeability and effectiveness of mandated health warnings;*
- *reduce the ability of the tobacco product and its packaging to mislead consumers about the harms of smoking; and*
- *through the achievement of these aims in the long term, as part of a comprehensive suite of tobacco control measures, contribute to efforts to reduce smoking rates.*<sup>29</sup>

21. In full conformity with the FCTC, a number of countries, including Norway, are now also introducing plain packaging requirements as recommended by the Guidelines on the implementation of Article 11, as well as the Guidelines on the implementation of Article 13.

### **III. TRIPS AGREEMENT**

#### **A. Introduction**

22. In this section, Norway will first explain that the TRIPS Agreement does not provide a right to use a trademark.

23. Secondly, Norway addresses certain elements of the legal standard of Article 20 of the TRIPS Agreement, and the question of who has the burden of proof under this provision.

---

<sup>28</sup> The precise content of the measure is described in detail in Australia's First Written Submission, part II.G.2.

<sup>29</sup> See Australia's First Written Submission, para. 139. Explanatory Memorandum to the TPP Bill 2011 (Cth), Exhibit AUS-2, p. 2.

**B. The TRIPS Agreement does not provide for a “right to use” a trademark****a) Introduction**

24. The complainants’ legal claims under the TRIPS Agreement are based on a contention that the Agreement provides for a positive right to use a registered trademark.<sup>30</sup> Like Australia<sup>31</sup>, Norway strongly disagrees with this contention.

25. Given that the assertion of a “right of use” is fundamental to the claims of the complainants under the TRIPS Agreement, Norway will address this question separately. We will in the following show that the TRIPS Agreement, interpreted in accordance with the applicable rules of treaty interpretation under the Vienna Convention, does not oblige the WTO Members to grant registered trademark owners a “right to use” a trademark under the TRIPS Agreement.<sup>32</sup> Indeed, the complainants’ assertion of a “right to use” does not have any support in the relevant provisions of the Agreement, when properly interpreted.

**b) The ordinary meaning of the terms**

26. It does not appear to be disputed that the *plain text* of the relevant provisions, does not provide for a positive “right to use” a trademark. Therefore, instead of examining the ordinary meaning of the relevant provisions, the complainants mainly argue on the basis of the functions of trademarks.<sup>33</sup> The general idea amongst the complainants seems to be that the centrality of use to trademarks is such that the drafters’ choice of explicit wording in the Agreement must be set aside. Norway urges the Panel to resist reading into the text words and concepts that simply are not there.

**c) Article 15 of the TRIPS Agreement does not support a “right to use” the trademark**

27. The protectable subject matter is found in Article 15 of the Agreement, which in its first paragraph, first sentence explains that

*[a]ny sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.*

---

<sup>30</sup> See, for instance, Australia’s First Written Submission para. 227-229, 235.

<sup>31</sup> See, for instance, Australia’s First Written Submission para. 227-229.

<sup>32</sup> The *Dispute Settlement Understanding* (DSU) Article 3.2 sets out that the WTO agreements shall be interpreted in accordance with the customary rules of interpretation of public international law. The Appellate Body has confirmed that the relevant rules of treaty interpretation in the *Vienna Convention on the Law of Treaties* (Articles 31-33) have the status as customary or general international law in this context.

<sup>33</sup> See Australia’s First Written Submission para. 236.

28. The second sentence of Article 15.1 sets out that signs that are capable of constituting a trademark “shall be eligible for registration”.

29. In addition to providing the framework for what may constitute a trademark and thus be eligible for registration, Article 15 states in which circumstances registration may and may not be refused. In particular, paragraph 4 of Article 15 states that

*The nature of the goods and services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.*

30. The plain text of this provision makes clear that it concerns limitations on Members as regards *registration* of a trademark, rather than obstacles to *use* of a trademark. This understanding is supported by the fact that the wording is the same as the wording of Article 7 of the Paris Convention, a provision that is understood to have “a rather narrow scope”<sup>34</sup>. It is of particular importance for the current dispute that WIPO has explained that “[i]f a national law does not exclude trademarks for certain kinds of products from registration, but only limits the use of such trademarks, this would not constitute a violation” of Article 7.<sup>35</sup> In light of this, Norway submits that Article 15.4 only restricts the rights of Members to refuse *registration*. It does not restrict – or indeed does not affect – Members’ rights to limit the *use* of a trademark.

***d) Article 16 of the TRIPS Agreement confirms that the only right protected by the TRIPS Agreement is the negative right to prevent use by third parties***

31. The rights conferred on a trademark owner are set out in Article 16, which provides in its first paragraph that:

*The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such would result in a likelihood of confusion.*

32. The plain text of Article 16.1 makes clear that the right conferred to owners of trademarks under the TRIPS Agreement are not a right to use, but an exclusive right to *prevent* certain uses by third parties. This understanding was confirmed by the panel in *EC – Trademarks and Geographical Indications (Australia)*, stating that “Article 16.1 of the TRIPS

---

<sup>34</sup> See WIPO Guide to the Application of the Paris Convention for the Protection of Intellectual Property Right as revised in Stockholm 1968, by G.H.C. Bodenhausen, ([www.wipo.int/edocs/pubdocs/en/intproperty/611/wipo\\_pub\\_611.pdf](http://www.wipo.int/edocs/pubdocs/en/intproperty/611/wipo_pub_611.pdf)), p. 128. The only difference between Article 15.4 of the TRIPS Agreement and Article 7 of the Paris Convention is that the former includes “the nature of services” in addition to that of goods. This difference is of no importance in this dispute.

<sup>35</sup> See Exhibit AUS-234.

Agreement only provides for a negative right to prevent all third parties from using signs in certain circumstances”.<sup>36</sup> The panel underlined that the drafters would have used positive language, “[i]f they had intended to grant a positive right”.<sup>37</sup> It also explained that the “right to use a trademark is a right that Members may provide under national law”.<sup>38</sup>

33. The rights conferred under Article 16.1 must be distinguished from “the legitimate interests” of trademark owners that are mentioned in Article 17. This provision allows Members to introduce or maintain limited exceptions to the rights conferred under Article 16, provided that the exceptions “take account of the legitimate interests of the owner of the trademark and of third parties”. The term “legitimate interests” include the “interest in using its own trademark in connection with the relevant good and services of its own and authorized undertakings”.<sup>39</sup> This does not mean, however, that the interest of using its own trademark is to be included in the rights set out in Article 16.1. To the contrary, the panel in *EC – Trademarks and Geographical Indications (Australia)* stated that “[g]iven that Article 17 creates an exception to the rights conferred by a trademark, the “legitimate interests” of the trademark owner must be something different than full enjoyment of those legal rights”.<sup>40</sup>

***e) Article 20 of the TRIPS Agreement does not support a “right to use” the trademark***

34. Article 20, which we will return to in more detail later, concerns the use of a trademark more directly than the other relevant provisions of the TRIPS Agreement. It sets out that

*[t]he use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, 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.*

35. Although Article 20 refers to the use of a trademark, nowhere in the terms of this provision is it indicated that the WTO Members have an obligation to provide a “right of use”. Rather, Article 20 deals with government regulation and its limits if a trademark is used.<sup>41</sup>

36. Norway notes that, contrary to Article 17, Article 20 is not formulated as an exception to rights conferred under the Agreement. Instead, it states that Members are allowed to adopt

<sup>36</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, footnote 564.

<sup>37</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.610.

<sup>38</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.611.

<sup>39</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.664.

<sup>40</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.662.

<sup>41</sup> Expert Report by C. Correa, Exhibit AUS-16, para 79.

encumbrances that are justified. The text of Article 20 is straightforward, and does not, explicitly or implicitly, create a “right of use”.

**f) *The Paris Convention does not provide for a “right to use” a trademark***

37. The TRIPS Agreement is built upon already existing international treaties regarding intellectual property, including the Paris Convention for the Protection of Intellectual Property. Article 2.1 of the TRIPS Agreement incorporates several articles of the convention into the agreement. The text of the two international agreements should be interpreted in a harmonious way, “given that they form the overall framework for multilateral [...] protection” of trademarks.<sup>42</sup>

38. WIPO, which is responsible for the administration of the Paris Convention, has submitted that the convention does not contain an obligation to the effect that the use of a registered trademark must be permitted. Furthermore, it has been explained that countries 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.<sup>43</sup>

39. In Norway’s view, had the drafters of the TRIPS Agreement intended to include a “right of use” in the Agreement, when such a right did not already exist under the Paris Convention, they would have done so explicitly. As already explained, there is no language in the relevant articles of the TRIPS Agreement even alluding to a positive right to use a trademark.

**g) *Article 8.1 of the of the TRIPS Agreement does not support a “right to use” a trademark***

40. Article 8 of the TRIPS Agreement is titled “principles”, and sets out in paragraph 1:

*Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interests of vital importance to their socio economic and technological development, provided that such measures are consistent with the provisions of this Agreement.*

41. According to the panel in *EC – Trademarks and Geographical Indications (Australia)*, the principles in this provision “reflect the fact that the agreement does not generally provide

---

<sup>42</sup> See Expert Report of G. Dinwoodie, (13 July 2014), Exhibit UKR-1, para. 24.

<sup>43</sup> See Australia’s First Written Submission para. 246.

for the grant of positive rights to exploit or use certain subject matter, but rather provides for the grant of negative rights to prevent certain acts”.<sup>44</sup> It went on to explain that “[t]his fundamental feature of intellectual property protection under the TRIPS Agreement inherently grants Members freedom to pursue legitimate public policy objectives, since many measures to attain these public policy objectives lie outside the scope of intellectual property rights and do not require an exception under the TRIPS Agreement”.<sup>45</sup>

#### ***h) Conclusion***

42. It is clear from a proper interpretation of the TRIPS Agreement, that it does not provide for a right to use a trademark. Rather, the TRIPS Agreement confers negative rights to prevent certain uses by third parties.

### **C. Legal issues related to Article 20 of the TRIPS Agreement**

#### ***a) Introduction***

43. The complainants stress the importance of Article 20, and discuss it in light of the “right of use”, that they claim exist under the TRIPS Agreement. For instance, the Dominican Republic submits that

*Article 20 [...] serves a critical role in the TRIPS Agreement, acting as a crucial element in the trademark regime as a whole, by seeking to ensure that, in principle at least, trademarks can perform their basic function of distinguishing goods or services through use in commerce.*<sup>46</sup>

44. In Norway’s view, this is to turn the situation upside down. As we have explained in the previous section, the TRIPS Agreement does *not* provide for a right to use a trademark, but rather a negative right of prevention. While Article 20 concerns the use of trademarks, it does *not* rest upon a presumption of a “right of use”. Because the complainants base their interpretation of Article 20 on a wrong presumption, they turn the provision into something it is not (and something the drafters did not intend it to be).

45. Norway will in the following set out its view on the interpretation of Article 20 in accordance with the applicable rules of treaty interpretation under the Vienna Convention.<sup>47</sup> We will also make some observations regarding the question of burden of proof.

---

<sup>44</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.210.

<sup>45</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.210.

<sup>46</sup> Dominican Republic, First Written Submission, para. 344.

<sup>47</sup> The provision has not yet been under close scrutiny by panels or the Appellate Body. Only one previous dispute have touched upon the interpretation of Article 20, see Panel Report, *Indonesia – Autos*.

**b) Legal standard**

*i. Introduction*

46. To reiterate, Article 20 provides in pertinent part that:

*The use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, 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.*

47. To establish a violation of Article 20, the complainants must show that the use of a trademark “in the course of trade” has been “unjustifiably” “encumbered by special requirements”. It seems that most of the parties concur that the term “in the course of trade” refers to the process of buying and selling goods and services, and that any encumbrance after this point of time is outside the scope of Article 20.<sup>48</sup> Norway agrees with this understanding, and will in the following rather focus on other elements of Article 20.

48. Thus, we will firstly address whether “special requirements” within the scope of Article 20 include prohibitions (section ii); and secondly set out our views on certain legal issues relating to the term “unjustifiably” (section iii).

*ii. Special requirements*

49. The parties disagree on whether or not the term “special requirements” include prohibitions, or if the term exclusively refers to special form requirements. In the view of the complainants, Article 20 encompasses the whole spectrum from “an insignificant encumbrance to a total encumbrance”.<sup>49</sup> Australia, on the other hand, explains that:

*Australia does not dispute that the tobacco plain packaging measure imposes «special requirements» upon the use of trademark insofar as it requires that any word trademark used on retail tobacco packaging must appear in a special form. However, Australia does not consider that the aspects of the tobacco plain packaging measure that prohibit use of certain trademarks on tobacco products and their retail packaging are “special requirements” that fall within the scope of Article 20.<sup>50</sup>*

---

<sup>48</sup> See Australia’s First Written Submission para. 349, fn. 539. Only Honduras seems to have a divergent view, see Honduras’ First Written Submission, para. 224. See also Australia’s First Written Submission, fn. 350.

<sup>49</sup> See for instance Dominican Republic’s First Written Submission, para 352.

<sup>50</sup> Australia’s First Written Submission, para. 339.

50. Norway agrees with Australia and refers to its arguments in this regard.<sup>51</sup> We would, nevertheless, like to highlight three issues. Firstly, Article 20 provides three specific examples of what “special requirements” may refer to: “use with another trademark, 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”. These examples are all concerned with *how* a trademark may be used, and do not refer to prohibitions on use. In our view, this suggests that the drafters intended the scope of Article 20 to be limited to obligations regarding how to use a trademark, rather than an outright prohibition on the use.<sup>52</sup>

51. Secondly, the context of Article 20 points in the same direction. Article 19, which concerns “requirement of use”, mentions government requirements impeding the use of a trademark as an example of “circumstances arising independently of the will of the owner of the trademark which constitutes an obstacle to the use of the trademark”. Accordingly, Article 19 recognizes Members’ right to impose measures creating an “obstacle” to the use of a trademark. Such circumstances shall be valid reasons for non-use, and may thus not lead to the cancellation of the registration on this basis. It seems that a logic consequence of the recognition in Article 19 of Members’ right to prevent the use of a trademark is that the term “special requirements” in Article 20 does not refer to requirements of this kind, but rather refers to obligations imposed in situations where the use of a trademark is not prohibited.

52. Thirdly, the fact that the Agreement only protects negative rights of prevention, and not a right to use a trademark, also supports an interpretation that measures, or parts of measures, prohibiting the use of a trademark are outside the scope of the “special requirements” referred to in Article 20, and thus outside the scope of the provision. In Norway’s view, since a “right of use” is not protected by the Agreement, there is no good reason that the scope of Article 20 should include Members’ right to implement measures prohibiting the use of certain trademarks.

---

<sup>51</sup> Australia’s First Written Submission, part IV, D, 2.

<sup>52</sup> In the words of Australia’s expert, C. Correa: “There is nothing in Article 20 alluding to prohibitions on the use of a trademark, which only could be considered as a ‘special requirement’ by distortion of language. Article 20 ‘prevents only measures that impose positive obligations upon the trademark owner, but does not prevent measures in the form of prohibitions on use’”. Exhibit AUS-16, para 77.

*iii. Unjustifiably*

53. Should the Panel find that special requirements at issue in this dispute encumber the use of a trademark in the course of trade, the Panel must assess whether the encumbrance is *unjustifiable*.

54. The parties disagree on the standard of unjustifiability in the sense of Article 20. While the complainants argue for a standard of a similar nature to that of “necessity” in Article XX (a), (b) and (d) of the GATT 1994 and the TBT Agreement Article 2.2, Australia submits that “unjustifiably” only requires a rational connection between the encumbrance and the legitimate public policy objective of the special requirements.<sup>53</sup>

55. Norway will in the following set out its view on the proper interpretation of “unjustifiably” in accordance with the ordinary meaning to be given to this term in its context and in light of the object and purpose of the TRIPS Agreement.

The ordinary meaning

56. “Unjustifiably” is defined to mean “not capable of being justified”.<sup>54</sup> The word “justified” means *i.a.* “reasonable” and having “adequate grounds”<sup>55</sup> In turn, “reasonable” is defined to mean “showing reason or sound judgement”.<sup>56</sup>

57. Several of the complainants propose interpretations of the word “unjustifiable” that has no support in the ordinary meaning of the term. For instance, the complainants claim that an analysis of “unjustifiably” must encompass notions of “necessity” and “least restrictiveness” and that this view is supported by the terms “reasonable” and undue”. While Norway in principle does not oppose that these terms may bear upon the interpretation of “unjustifiably”, we disagree that the ordinary meaning of the two terms support the idea that “unjustifiably” requires an assessment of “necessity” or “least restrictiveness”. We find support for our view both in the dictionary meaning of “reasonable” and “undue”, and in the interpretation that panels and the Appellate Body have undertaken in relation to these words.<sup>57</sup>

---

<sup>53</sup> See Australia’s First Written Submission, paras. 362-363.

<sup>54</sup> *Collins English Dictionary*, 9<sup>th</sup> ed. HarperCollins Publishers, 2007.

<sup>55</sup> *Collins English Dictionary*, 9<sup>th</sup> ed. HarperCollins Publishers, 2007.

<sup>56</sup> *Collins English Dictionary*, 9<sup>th</sup> ed. HarperCollins Publishers, 2007.

<sup>57</sup> See Australia’s First Written Submission, para. 399.

58. The term “unjustifiable” is used several places in the WTO Agreements, as part of the phrase “arbitrary and unjustifiable discrimination”. In that context, the Appellate Body has explained that the analysis whether discrimination is arbitrary or unjustifiable usually will relate primarily to “the cause or rationale of the discrimination”.<sup>58</sup> Furthermore, the Appellate Body has set out that one of “the most important factors” in such an assessment is “the question of whether the discrimination can be reconciled with, or is rationally related to, the policy objective with respect to which has been provisionally justified”.<sup>59</sup> In other words, it must be examined whether there is a “rational connection” between the discrimination and the policy objective.

59. Norway is of the view that the ordinary meaning of the word “unjustifiable”, as it is interpreted in these reports, supports the understanding that “unjustifiably” in Article 20 must be referring to an inquiry of whether there is a “rational connection” between the “special requirements” and the policy directive behind those requirements.

#### The context

60. The context of the term “unjustifiable” further substantiates the above understanding. As previously explained, the TRIPS Agreement does not protect the right to use a trademark, and Article 20 cannot be understood as setting out a limited exception to such a right. Article 19 provides context for Article 20, and recognizes that Members may implement regulations that prevent the use of a trademark. It would be contrary to the logic between the two provisions, should the threshold for regulations on the use of a trademark be on par with the threshold for justifying regulations inconsistent with WTO obligations, for instance including notions of “necessity” and “least restrictiveness”.

61. Norway also finds support for this view in the context of other provisions of the TRIPS Agreement. Within the Agreement, the word “necessary” is used in several Articles, including Articles 3.2, 27.2, 39.3 and 73. In the context of GATT 1994 Article XX, the Appellate Body has explained that the use of different terms must be given interpretative effect. The drafters of the TRIPS Agreement must have been well aware of how the term “necessary” had been interpreted in the GATT, and while it was included in other places of the Agreement, they chose *not* to use the term “necessary” in Article 20. This choice must be given effect, which reinforces our view that the complainants cannot be heard with their arguments that the term

---

<sup>58</sup> Appellate Body Report, *Brazil – Retreaded Tyres*, para 225.

<sup>59</sup> Appellate Body Report, *EU – Seal Products*, para. 5.306.

“unjustifiably” should be interpreted as to encompass notions of “necessity”, “least restrictiveness” and “reasonable available alternatives”. Instead, Norway submits that the drafters’ choice of words supports the interpretation that “unjustifiably” in Article 20 refers to an inquiry of whether there is a “rational connection” between the “special requirements” and the policy directive behind those requirements.<sup>60</sup>

#### The object and purpose

62. The object and purpose of the TRIPS Agreements confirms the interpretation of “unjustifiably” that follows from the ordinary meaning of the word and its context.

63. According to the preamble, the objective of the Agreement is i.e. to “reduce distortions to international trade of the Agreement” and to “promote effective and adequate protection of intellectual property rights”. As already set out, the Agreement does not protect the right to use intellectual property rights, but the objective is fulfilled by conferring a negative right of prevention. The negative right makes it possible for owners of intellectual property to enforce their rights against unauthorized third party use. International trade is promoted by ensuring that all WTO Members accord to owners of intellectual property a minimum level of exclusive rights.

64. Above, we have explained that there is broad scope under the Agreement for Members to regulate in order to pursue legitimate policy objectives. This follows from the fact that the Agreement seeks to protect negative rights, and thus to a large degree leaves it to the Members to regulate the use or exploitation of the intellectual property. The “inherent freedom to pursue public policy objectives” is also recognized in Article 8.1 of the Agreement, which provides that “Members may [...] adopt measures necessary to promote public health [...] provided that such measures are consistent with the provisions of the Agreement”. Both the title – “principles” – and the express wording of Article 8.1, makes it clear that it is not an exception, but must be understood as a fundamental principle, to be taken into account when interpreting the Agreement. This is acknowledged in the *Declaration on the TRIPS Agreement and Public Health*, where the WTO Members not only underscored that the TRIPS Agreement “does not or should not prevent Members from taking measures to protect public health”, but also stated

---

<sup>60</sup> The broader context of the covered agreements supports the same view, see Australia’s First Written Submission, paras. 391-395.

that “each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement, as expressed, in particular, in its objectives and principles.

65. The “object and purpose of the Agreement, as expressed, in particular,” in Article 8.1 supports an interpretation of the word “unjustifiably” that preserves the scope of Members’ right to pursue legitimate policy objectives through measures that are in conformity with the provisions of the Agreement. It is Norway’s view that the interpretation advanced by the complainants restrains the scope to pursue legitimate policy objectives, and thus goes against the fundamental principle set out in Article 8.1. Norway submits that an interpretation in line with the ordinary meaning of the term, as set out above, best serves the principle in Article 8.1. This interpretation also ensures the effective and adequate protection of the minimum level of intellectual property right under the Agreement.

#### Conclusion

66. In light of the above, “unjustifiably” must be interpreted to be referring to an inquiry of whether there is a “rational connection” between the “special requirements” and the policy directive behind those requirements

#### *v. Burden of proof*

67. The parties disagree on whether it is the complainants or the respondent that has the burden of proof under Article 20.

68. According to the Appellate Body, “the burden of proof rests upon the party, whether complaining or defending, who asserts the affirmative of a particular claim of defence”.<sup>61</sup>

69. Who has the burden of proof will thus depend on the legal character of the provision at issue. The complainants hold that the “default position” under the TRIPS Agreement is the use of a trademark in the course of trade, and that Article 20 represents an exception to this default position or presumption of use.<sup>62</sup> In keeping with this view, the complainants submit that the burden of proof rests upon the respondent, as this is the Member “deviating from the default situation under the TRIPS Agreement”.<sup>63</sup> Norway disagrees with this position.

---

<sup>61</sup> Appellate Body Report, *United States – Wool Shirts and Blouses*, p. 14.

<sup>62</sup> See, for instance, Honduras’ First Written Submission, paras. 316-317.

<sup>63</sup> Honduras’ First Written Submission, paras. 318,

70. We have explained above that the TRIPS Agreement does not provide for a right to use a trademark, and, furthermore, that use and exploitation of intellectual property rights are largely left to Members to regulate domestically. Thus, “‘use’ is not a fundamental principle of the TRIPS Agreement”, and there is not a “presumption of use under the TRIPS Agreement”.<sup>64</sup>

71. In light of this, Article 20 is not formulated, and does not function, as an exception to any “right of use”. Moreover, contrary to what the Dominican Republic argues, Article 20 is not structured as a prohibition with an inbuilt exception.<sup>65</sup>

72. Rather, Norway agrees with Australia’s position that Article 20 is best characterized as “a single affirmative obligation” in the same way as Annex C(1)(a) of the SPS Agreement.<sup>66</sup>

73. Based on this, the burden of proof under Article 20 rests on the complainants. The complainants must thus establish a *prima facie* case encompassing all the elements of the legal standard set out above. In other words, the complainants must show that any encumbrance on the use of trademark in the course of trade arising from special requirements has no rational connection with the legitimate policy objective pursued.

### **c) Conclusion**

74. Based on the above discussion, it is clear that the scope of Article 20 does not include the prohibitive elements of the plain packaging measure. Furthermore, it follows from a proper interpretation of the word “unjustifiably” that it does not refer to notions such as “necessity” or “least trade-restrictiveness”, but rather to an inquiry of whether there is a “rational connection” between the “special requirements” and the policy directive behind those requirements. Norway has also submitted that the burden of proof under Article 20 rests on the complainants.

## **IV. TBT AGREEMENT**

### **A. Introduction**

75. Norway will in the next section focus on the claim that the tobacco plain packaging measure violates Article 2.2 of the TBT Agreement.

76. Article 2.2 contains rules applicable to measures that meet the definition of a “technical regulation” in paragraph 1 of Annex 1 of the TBT Agreement.<sup>67</sup> A technical requirement is in

---

<sup>64</sup> Honduras’ First Written Submission, paras. 316.

<sup>65</sup> Dominican Republic’s First Written Submission, para. 343.

<sup>66</sup> Australia’s First Written Submission, paras. 428-430.

<sup>67</sup> See e.g. Appellate Body Reports, *EC – Sardines*, para. 175; and *EC - Asbestos*, para. 59.

paragraph 1(1) defined as a document that applies to an identifiable product or group of products, and that lays down one or more characteristics of the product. Compliance with the product characteristics must also be mandatory.<sup>68</sup> Further, in paragraph 1(2), it is specified that the document “may also include or deal exclusively with [...] symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.”

77. As illustrated in section II above, the plain packaging measure contains requirements as to the usage of trademarks on tobacco packages and products, as well as physical requirements for such packages and products.

78. The complainants hold that both the restrictions on the use of a trademark, and the physical requirements related to the packaging and products, must be considered technical regulations, whereas Australia only agrees that the physical requirements fall within this definition. In line with the approach taken by the parties to the dispute, and since Norway in any event finds that the requirements relating to packaging, marking or labelling must be considered as “technical regulations”, Norway does not find it necessary to distinguish between the restriction on the use of a trademark and the physical requirements in the assessment of Article 2.2.

79. In the following, Norway will firstly address the second sentence of Article 2.5 that provides for a rebuttable presumption that a technical regulation, on certain conditions, does not create an unnecessary obstacle to international trade. Norway is of the view that the FCTC Guidelines for the implementation of Articles 11 and 13 can be considered to be “relevant international standards” under Article 2.5.

80. Secondly, Norway provides its remarks on the question of whether the measure constitutes a trade restriction falling under Article 2.2 of the TBT Agreement, as well as the question of whether the plain packaging measure is more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks non-fulfilment would create.

81. Norway will focus its submission on the *legal* analysis of these issues.

---

<sup>68</sup> See Appellate Body Report, *EC – Sardines*, para. 176, citing with approval Appellate Body Report, *EC – Asbestos*, paras. 66-70. See also Appellate Body Report, *US – Tuna II (Mexico)*, para. 183.

**B. The FCTC Guidelines are relevant international standards in accordance with Article 2.5 of the TBT Agreement**

82. The second sentence of Article 2.5 sets out

*Whenever a technical regulation is prepared, adopted or applied for one of the legitimate objectives explicitly mentioned in paragraph 2, and is in accordance with the relevant international standards, it shall be rebuttably presumed not to create an unnecessary obstacle to international trade.*

83. The plain packaging measure must be considered to be a “technical regulation”. Norway is also of the view that the regulation must be considered to have been adopted in order to protect human health, which is a legitimate objective under Article 2.2, see section II above and section IV C c) below.

84. Further, Australia has in its submission highlighted that the plain packaging measure was adopted *inter alia* to give effect to Australia’s obligations under the FCTC, in particular the Guidelines for the implementation of FCTC Articles 11 and 13.<sup>69</sup> The question is then whether the FCTC Guidelines to Articles 11 and 13 of the FCTC can be considered to be “relevant international standards”.

85. The panel in *US – Tuna II (Mexico)* has held that for the purposes of evaluating whether a guideline constitutes an “international standard” under the TBT Agreement, it must be assessed whether the document at issue is a standard, whether it is adopted by an international standardizing body or organization<sup>70</sup>, and whether it is made available to the public.<sup>71</sup> The assessment must be based on the relevant definitions of these terms in the TBT Agreement Annex 1 and the ISO/IEC Guide 2: 1991.<sup>72</sup>

<sup>69</sup> See *inter alia* Australia’s First Written Submission, para. 567.

<sup>70</sup> The Appellate Body has held that “Since the definitions in Annex 1 to the TBT Agreement prevail over the definitions in the ISO/IEC Guide 2: 1991, we find that, in order to constitute an “international standard”, a standard has to be adopted by an “international standardizing *body*” for the purposes of the TBT Agreement”, see the Appellate Body Report, *US – Tuna II (Mexico)*, para. 356.

<sup>71</sup> Panel Report, *US – Tuna II (Mexico)*, para. 7.664.

<sup>72</sup> The term “international standard” is not explicitly defined in Annex 1 to the TBT Agreement. However, terms used in the TBT Agreement that are also presented in the ISO/IEC Guide 2 shall “have the same meaning as given in the definitions in the said guide”, cf. the introductory clause of Annex 1 to the TBT Agreement. The ISO/IEC Guide defines the term “international standard” as a “standard that is adopted by an international standardizing/standards organization and made available to the public”, see also the Appellate Body Report in *US – Tuna II (Mexico)* paras. 349-353. In this regard, it must be noted that the TBT Agreement defines the words “standard” and “international body”. As noted in fn. 70, the definitions contained in Annex 1 to the TBT Agreement prevail to the extent that they depart from the definitions set out in the ISO/IEC guide 2, see the Appellate Body Report, *US – Tuna II (Mexico)*, para. 354.

86. With regards to the concrete assessment, Norway agrees with Australia’s reasoning and conclusion that the FCTC Guidelines Articles 11 and 13 fulfil the above-mentioned criteria. Reference is made to Australia’s First Written Submission paragraphs 571-582. Norway is thus of the view that the FCTC Guidelines Article 11 and 13 can be considered to be “relevant international standards” under Article 2.5.

87. Norway also agrees with Australia that the plain packaging measure must be considered to be “in accordance with” the FCTC Guidelines to Articles 11 and 13.<sup>73</sup>

88. If the Panel concludes that the plain packaging measure is in accordance with these guidelines, and agrees that they must be considered to be “relevant international standards”, the measure shall be “rebuttably presumed not to create an unnecessary obstacle to international trade”.

89. This presumption entails that the complaining parties must prove that the measure does create an unnecessary obstacle to international trade.

**C. The assessment of whether the measure can be considered to be more trade restrictive than necessary under Article 2.2 of the TBT Agreement**

***a) The complainants must as a threshold matter establish that the measure is trade-restrictive***

90. According to Article 2.2, one must assess whether a measure is “more trade-restrictive than necessary to fulfil a legitimate objective”. In order for a measure to be “more trade-restrictive”, it is self-evident that it must firstly be established whether the measure is trade restrictive at all.<sup>74</sup> Thus, as a threshold matter, the complainants must demonstrate that the technical regulation at issue is “trade-restrictive”.

91. The words “trade-restrictive” in Article 2.2 second sentence must be read in light of the first sentence, which refers to an “obstacle to international trade”. The terms “international trade” and “trade”, in this context, refer to the commercial exchange of goods between WTO Members. The Appellate Body has held that, in Article 2.2, the phrase trade-restrictive “means something having a limiting effect on trade”.<sup>75</sup>

---

<sup>73</sup> See Australia’s First Written Submission, para. 582.

<sup>74</sup> Panel report, *US – COOL*, para. 7.554.

<sup>75</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 319. See also Appellate Body Report, *US – COOL*, para. 375. In the context of Article XI of the GATT 1994, the word “restriction” has been defined as “something that

92. Thus, these terms encompass prohibitions on trade, which are the most severe form of obstacle or restriction, but also the imposition of restrictive conditions that limit, rather than banning entirely, trade. In *US – COOL*, the panel indicated that the focus of an assessment of trade-restrictiveness is on “the competitive opportunities available to imported products”.<sup>76</sup> When it comes to establishing the extent to which a measure restricts trade, it has been held that this “does not require the demonstration of any actual trade effects” but may, instead, be based “on the design of the measure, as opposed to resulting trade effects”.<sup>77</sup>

93. As to whether the complainants have discharged their burden of proof in this regard, Norway will limit its comments to some general legal observations.

94. Firstly, Norway wishes to underline that contrary to what is held by some complainants, and in accordance with the interpretation of the term “trade-restrictive” as outlined above, Norway does not agree that technical regulations by their very nature impose limits on trade.<sup>78</sup> Rather, in Norway’s view, technical regulations could in certain cases facilitate international trade.<sup>79</sup> Furthermore, the Appellate Body has recognized that there may be instances where a technical regulation is not trade-restrictive.<sup>80</sup>

95. Secondly, Norway considers that the complainants must actually establish, and not merely assert, that the measure has a limiting effect on trade in tobacco products and/or is likely to occur in the Australian market as a result of the design, structure and operation of the plain packaging measure. It would not be sufficient, as noted by Australia, to rely on an abstract notion of market conditions.<sup>81</sup>

---

has a limiting effect, see e.g., Appellate Body Report, *China – Raw Materials*, para. 319, cited in Appellate Body Report, *US – Tuna II (Mexico)*, para. 319.

<sup>76</sup> In that case, the panel concluded that the measure at issue was trade-restrictive because it “negatively affect[ed] imported livestock’s conditions of competition in the US market in relation to domestic livestock, see Panel Report, *US – COOL*, paras. 7.572 and 7.574.

<sup>77</sup> Panel Report, *US – COOL*, para. 7.572. See also Panel Report, *Colombia – Ports of Entry*, para. 7.241 and paras. 7.232-7.240.

<sup>78</sup> The Dominican Republic makes reference to the Appellate Body Report, *US – COOL*, para. 375 as a basis for its claim, see the Dominican Republic’s First Written Submission, para. 975. However, in this paragraph, the Appellate Body in *US – COOL* does nothing more than noting that Article 2.2 requires an assessment of the necessity of the trade-restrictiveness of the measure at issue, and that the term “unnecessary obstacles” implies “that ‘some’ trade-restrictiveness is allowed”.

<sup>79</sup> See by comparison the third recital in the preamble to the TBT Agreement.

<sup>80</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 322 footnote 647; and Appellate Body Report, *US – COOL* para. 376, footnote 748.

<sup>81</sup> Australia’s First Written Submission, para. 515.

96. Lastly, when assessing whether the plain packaging measure is “trade-restrictive”, it must be established that it is in fact the plain packaging measure which causes the alleged trade-restrictiveness, and not the other tobacco control measures that concurrently apply in Australia. Norway accepts that such isolation of causality may be challenging, but is nevertheless a consequence of the fact that the complainants have isolated their claims to the plain packaging measure.

**b) The assessment of necessity**

*i. Introduction*

97. If the Panel deems that the complainants have made a *prima facie* case that the measure is trade-restrictive, the Panel must assess whether the measure is more trade-restrictive than necessary to fulfil a legitimate objective, taking into account the risks non-fulfilment would create. As noted above, according to Article 2.5, the starting point is that when the measure is in accordance with the relevant international standards, it shall be rebuttably presumed not to create an unnecessary obstacle to international trade.

98. The first sentence of Article 2.2 requires Members to “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”<sup>82</sup>, whereas the second sentence requires that technical regulations “not be more trade-restrictive than necessary to fulfil a legitimate objective, taking account of the risks no-fulfilment would create”. As the Appellate Body has observed in *US – COOL*, the words “for this purpose” in the second sentence links this sentence to the first sentence, and “suggest that the second sentence informs the scope and meaning of the obligation contained in the first sentence.”<sup>83</sup>

99. The second sentence calls for a panel to assess whether a respondent has struck an appropriate balance between the interests of international trade and other legitimate interests. According to the text, the balance is appropriate when a restriction on international trade is “necessary”. As Norway sets out in greater detail below, the Appellate Body has explained that an assessment of “necessity” requires a “relational analysis”<sup>84</sup>, and the Panel must:

---

<sup>82</sup> This language embodies the objective of the TBT Agreement that is set out in the fifth recital of the preamble, namely, ensuring that technical regulations “do not create unnecessary obstacles to international trade”, see Panel Report, *US – Tuna II (Mexico)*, para. 7.385.

<sup>83</sup> Appellate Body Report, *US – COOL*, para. 369.

<sup>84</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 318; and Appellate Body Report, *US – COOL*, para. 374.

- (a) identify the objectives pursued with the challenged measures;<sup>85</sup>
- (b) evaluate the legitimacy of those objectives;<sup>86</sup>
- (c) carry out a “relational analysis”<sup>87</sup> in order to assess whether the trade-restrictiveness is necessary to fulfil a legitimate objective by ascertaining, then weighing and balancing, each of the following:
  - (i) the trade restrictiveness of the challenged measure;<sup>88</sup>
  - (ii) “the degree of contribution that the technical regulation makes toward the achievement of the legitimate objective”;<sup>89</sup> and
  - (iii) the risks that would be created if the objective pursued were not fulfilled.<sup>90</sup>

Typically, this relational analysis will involve a comparison with possible alternative measures.

100. Below, we will expand upon each of these issues in turn.

*ii. The plain packaging measure pursues a legitimate objective*

101. To carry out its analysis under Article 2.2, the Panel must first ascertain the regulating Member’s objectives. The Member is free to choose its own objectives<sup>91</sup>, but a panel must assess what the chosen objectives are, on the basis of the available evidence, including the text of the measure and the legislative history.<sup>92</sup>

---

<sup>85</sup> Appellate Body Report, *US – Tuna II (Mexico)*, paras. 313-314; and Appellate Body Report, *US – COOL*, para. 371.

<sup>86</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 313; and Appellate Body Report, *US – COOL*, paras. 370 and 372.

<sup>87</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 318. See also Appellate Body Report, *US – COOL*, para. 374.

<sup>88</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 319; and Appellate Body Report, *US – COOL*, para. 375.

<sup>89</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 315. See also Appellate Body Report, *US – Tuna II (Mexico)*, paras. 316-318; and Appellate Body Report, *US – COOL*, paras. 373-374 and 390.

<sup>90</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 321; and Appellate Body Report, *US – COOL*, para. 377.

<sup>91</sup> E.g. Appellate Body Report, *EC – Sardines*, paras. 276-282; and Panel Report, *US – Tuna II (Mexico)*, para. 7.405.

<sup>92</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 314. See also Appellate Body Report, *US – COOL*, para. 371; and Panel Report, *US – Tuna II (Mexico)*, para. 7.405, citing Appellate Body Report, *US – Gambling*, para. 304.

102. Once a panel has identified the objectives pursued by a measure, it must establish whether those objectives are “legitimate”.<sup>93</sup> The third sentence of Article 2.2 provides an illustrative list of legitimate objectives, including “protection of human health or safety”. If a panel finds that the regulating Member’s objectives fall among those listed in Article 2.2, no further enquiry into the objectives’ legitimacy is necessary.<sup>94</sup>

103. In this regard, Norway limits its comments to referring to the stated general objective of the TPP Act, which, according to subsection 3(1), is to improve public health by discouraging uptake, encouraging quitting, discouraging relapse and reducing exposure to smoke.<sup>95</sup> The subsection 3(2) introduces three concrete measures for contributing to improve public health, namely reducing the appeal of tobacco products, increasing the effectiveness of health warnings; and reducing the ability of retail packaging products to mislead consumers about the harmful effects of smoking and use of tobacco products. As underlined by Australia, “the achievement of the specific objectives under subsection 3(2) is a *direct means* by which the objective of improving public health under subsection 3(1) of the TPP Act is achieved.”<sup>96</sup>

104. Norway considers that these objectives clearly must be considered to protect “human health”, and that they are thus “legitimate” for the purposes of Article 2.2. As noted by the Appellate Body, the protection of public health is “both vital and important in the highest degree”<sup>97</sup>. This consideration that must be taken into account in the assessment of whether the measure is necessary.

*iii. Relational analysis to assess necessity*

105. As noted above, the necessity assessment involves

*a relational analysis of the trade-restrictiveness of the technical regulation, the degree of contribution that it makes to the achievement of a legitimate objective, and the risks non-fulfilment would create.*<sup>98</sup>

<sup>93</sup> Appellate Body Report, *EC – Sardines*, para. 286; Panel Report, *US – Clove Cigarettes*, para. 7.333.; Panel Report, *US – Tuna II (Mexico)*, paras. 7.387, 7.436; and Panel Report, *US – COOL*, para. 7.555.

<sup>94</sup> Appellate Body Report, *US – COOL*, para. 372.

<sup>95</sup> Subsection 3(1) of the TPP Act.

<sup>96</sup> See Australia’s First Submission paras. 597-600.

<sup>97</sup> In the context of Article XX(b) of the GATT 1994, see Panel Report, *EC – Asbestos*, para. 172 (citing Appellate Body Report, *Korea – Various Measures on Beef*, para. 162); Appellate Body Report, *Brazil – Retreaded Tyres*, para. 144.

<sup>98</sup> Appellate body Report, *US – Tuna II (Mexico)*, para. 318. See also Appellate Body Report, *US – COOL*, para. 374.

106. Thus, an analysis of necessity must be based on a consideration of these three factors taken together and viewed in their reciprocal relations. A panel must then draw the threads of its analysis together, by evaluating these elements against each other to reach a holistic conclusion as to whether the measure is “more trade restrictive than necessary to fulfil” a legitimate objective.

#### The trade-restrictiveness of the measure

107. In order to assess whether the necessity requirement is respected, one must first identify the “trade-restrictive” aspects of the measure. Article 2.2 does not prohibit restrictions on trade *per se*, but only restrictions that “exceed what is necessary to achieve the degree of contribution that a regulation makes to the achievement of a legitimate objective”.<sup>99</sup>

108. Reference is in this regard made to section IV C a) above. If the Panel were to conclude that the measure is trade-restrictive, it must then assess the degree of the measure’s trade-restrictiveness. In this connection Norway is of the view that if the restrictiveness is considered to be minimal, even a small degree of contribution by the measure to the legitimate objective would be sufficient to conclude that the measure does not exceed what is necessary.<sup>100</sup>

#### The challenged measure’s contribution to the achievement of the legitimate objectives

109. The Panel must then examine the degree of contribution that the trade-restrictive aspects of the regulation make to the achievement of the legitimate objectives at issue.<sup>101</sup> The Appellate Body has held that the degree of contribution “may be discerned from the design, structure and operation of the technical regulation, as well as from evidence relating to the application of the measure”.<sup>102</sup>

110. The application of the test of contribution does to a large extent depend on an assessment of evidence.<sup>103</sup> Norway will however address certain aspects that in Norway’s view is of

---

<sup>99</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 319. See also Appellate Body Report, *US – COOL*, para. 375.

<sup>100</sup> See by comparison Australia’s First Written Submission, para. 592.

<sup>101</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 315. See also Appellate Body Report, *US – COOL*, para. 476.

<sup>102</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 317. See also Appellate Body Report, *US – COOL*, para. 373.

<sup>103</sup> Appellate Body Report, *Brazil – Retraded Tyres*, para. 145.

relevance when assessing the contribution made by the plain packaging measure to the protection of human health.

111. Firstly, Norway would underline that complex health problems, such as promoting public health by reducing tobacco prevalence, must be viewed in the broader context of the comprehensive strategies implemented to fight such problems. Such an approach was endorsed by the Appellate Body in *Brazil – Retreaded Tyres*<sup>104</sup>, which also acknowledged:

*We recognize that certain complex public health or environmental problems may be tackled only with a comprehensive policy comprising a multiplicity of interacting measures. In the short-term, it may prove difficult to isolate the contribution to public health or environmental objectives of one specific measure from those attributable to the other measures that are part of the same comprehensive policy. Moreover, the results obtained from certain actions [...] or certain preventive actions to reduce the incidence of diseases that may manifest themselves only after a certain period of time—can only be evaluated with the benefit of time.*<sup>105</sup>

112. Thus, when assessing the question of contribution, all of these elements must in Norway's view be appreciated. In particular, the Panel should take into account the difficulties in measuring the effects of an instrument working in synergy with other measures, the overarching objective of promoting public health, and the expectation that the effects of the measure may manifest themselves gradually over several years.

113. In this regard, reference is made to Australia's submission, where it is acknowledged that the impact of the plain packaging measure as part of a comprehensive range of measures will be felt most significantly in the longer term. Further, Norway agrees with Australia that adoption of a "comprehensive suite of tobacco control measures leads to greater reductions in tobacco use than would result from the separate effects of individual control policies", and that plain packaging "makes a unique contribution to its general public health objectives".<sup>106</sup> Also, the measure is introduced to target one of the last remaining vehicles for the advertising, marketing and promotion of tobacco products in Australia.<sup>107</sup>

---

<sup>104</sup> Appellate Body Report, *Brazil – Retreaded Tyres*, para. 154 (in the context of Article XX(b) of GATT 1994)

<sup>105</sup> Appellate Body Report, *Brazil – Retreaded Tyres*, para. 151.

<sup>106</sup> Australia's First Written Submission, para. 670 with further references in footnote 887.

<sup>107</sup> Australia's First Written Submission, para. 606.

114. Furthermore, Norway agrees with Australia that one cannot draw conclusions exclusively from data on smoking prevalence in itself.<sup>108</sup> Rather, it is necessary to make a broader and more comprehensive assessment of the effects of the plain packaging measure.

115. *Inter alia*, and as indicated by Australia, consumer perceptions are relevant for the purposes of assessing the effect of tobacco control policies.<sup>109</sup> In Norway's view, it must amongst others be taken into account that (1) advertising is an effective means to enhance sales, especially to reach new and young customers, and that banning advertising effectively reduces tobacco use; (2) the more comprehensive the advertising ban is, the more efficient it is; and (3) the packaging of tobacco products has effects similar to those of traditional advertising.

#### The risks non-fulfilment would create

116. A panel is also required to “tak[e] account of the risks non-fulfilment would create”. In the view of the Appellate Body, this element refers to the nature of the risks at issue and the gravity of the consequences that would arise from non-fulfilment of the legitimate objective.<sup>110</sup>

117. It does not appear to be disputed that the nature of the risks to human health, which the plain packaging measure addresses, is both vital and important in the highest degree.<sup>111</sup> The gravity of the consequences that would arise from non-fulfilment of the objective is also unquestionably severe, as it would include higher rates of death and disease in Australia resulting from the use of tobacco.

118. Thus, Norway is of the view that both the nature and gravity of the risks that non-fulfilment would create, supports a conclusion that the plain packaging measure is not more restrictive to trade than what is necessary.

#### Consideration of whether less trade restrictive alternatives exist

---

<sup>108</sup> Australia's First Written Submission, para 602.

<sup>109</sup> Australia's First Written Submission, para. 603.

<sup>110</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 321 (underlining added); and Appellate Body Report, *US – COOL*, para. 377 (underlining added).

<sup>111</sup> See e.g. Australia's First Written Submission, para. 685; Cuba's First Written Submission, para. 3; Dominican Republic's First Written Submission, paras. 1029, Honduras' First Written Submission, paras. 891-892, 894; Indonesia's First Written Submission, para. 389; and Ukraine's First Written Submission, para 688.

119. In case the Panel holds that the plain packaging measure is trade-restrictive<sup>112</sup>, the Panel should compare the trade-restrictiveness and the degree of achievement of the objective by the measure at issue “with that of possible alternative measures that may be reasonably available *and* less trade restrictive than the challenged measure, taking account of the risks non-fulfilment would create.”<sup>113</sup> If a reasonably available alternative measure is less trade restrictive and would make an equivalent contribution to the challenged measure’s objectives, the challenged measure is “unnecessary” within the meaning of Article 2.2.<sup>114</sup>

120. Norway agrees with Australia that other equally efficient measures do not appear to exist.<sup>115</sup> Norway also generally agrees with the Australian submission in this regard.<sup>116</sup> For the sake of completeness, Norway will nevertheless make some further remarks on this issue.

121. At the outset, Norway notes that some of the proposed “alternative” measures must be considered *supplements*, and not alternatives, to the plain packaging measure. As explained by Australia, all but one of these measures are already part of the existing tobacco control policy in Australia.<sup>117</sup> In Norway’s view, it is *e.g.* not a question of choosing either social marketing campaigns *or* plain packaging, but whether such campaigns *and* the plain packaging is more effective than plain packaging alone. Certainly, and as expanded upon above, the joint effect of several measures will lead to a higher protection of the public health objectives.<sup>118</sup>

122. This view finds its support in the *Brazil – Retreaded Tyres* case, in which both the Appellate Body and the panel held that measures which already constitute parts of a comprehensive approach to tackling health problems, cannot be considered valid “alternatives”, but rather complements, to the measure at issue.<sup>119</sup> In the same case, the Appellate Body also underlined that “[s]ubstituting one element of this comprehensive policy for another would

---

<sup>112</sup> Note that the Appellate Body has held that if the measure cannot be considered trade-restrictive, a comparison of the challenged measure and possible alternative measures may not be required, see Appellate Body Report, *US – Tuna II (Mexico)*, para. 322 footnote 647.

<sup>113</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 320. See also Appellate Body Report, *US – COOL*, para. 376.

<sup>114</sup> Appellate Body Report, *US – Tuna II (Mexico)*, para. 322. See also Appellate Body Report, *US – COOL*, para. 376.

<sup>115</sup> The complainants submit that the objective of the measure could equally well be attained through other measures, such as excise increases, youth access to tobacco products, the Australian consumer law, social marketing campaigns and pre-vetting schemes.

<sup>116</sup> See Australia’s First Written Submission, paras. 700-742.

<sup>117</sup> See *inter alia* Australia’s First Written Submission, para. 703.

<sup>118</sup> See section II above about the need for a comprehensive approach to tobacco control. See also Article 5 of the FCTC, as well as the Joint Amicus and Australia’s First Written Submission, paras. 38-59.

<sup>119</sup> Panel Report, *Brazil – Retreaded Tyres*, paras. 7.169, and 7.171-7.172.

weaken the policy by reducing the synergies between its components, as well as its total effect”.<sup>120</sup>

123. Secondly, Norway underlines that one of the intended effects of the plain packaging measure is to close the last gap in the ban on tobacco advertising, as tobacco packaging is considered “one of the last remaining avenues for the promotion of tobacco products”.<sup>121</sup> In Norway’s view, none of the proposed alternative measures can close this gap and thereby reinforce the effect of existing measures. For this reason alone, the proposed alternatives would in Norway’s view not make an equivalent contribution to the objectives of the measure.

124. Further, a measure such as restricting youth access to tobacco products by increasing the minimum legal purchase age to 21 years, only targets young people. As noted in section II, the aim of the measure is not only to discourage the uptake of smoking amongst adolescents, but it is directed at all persons who are considering or trying to quit smoking, persons who have recently quit smoking, as well as the population as a whole. Hence, a measure that only targets young people would be less effective than the plain packaging measure.

125. Norway also questions whether some of the alternative measures in fact would be less restrictive. It is for instance difficult to see that an excise increase would be less restrictive to the tobacco trade than the plain packaging measure.<sup>122</sup>

126. To sum up, in Norway’s view, none of the alternative measures referred to by the complainants appears, in the same way as the plain packaging measure, to be able to close the last gap in the ban on tobacco advertising. In addition, some of the alternative measures would not reach all target groups, and/or must be seen as supplements, not alternatives, to the plain packaging measure.

---

<sup>120</sup> Appellate Body Report, *Brazil – Retreaded Tyres*, para. 172.

<sup>121</sup> See section II above; Australia’s First Written Submission, paras. 59 and 606; and the Joint Amicus Brief, para. 29 with further references in footnote 25.

<sup>122</sup> In any event, and as discussed above, such a measure should be considered to be a supplement, and not an alternative, to the plain packaging measure. As noted by Australia, Australia implements regular and substantial increases in its tobacco excise duties, see *inter alia* Australia’s First Written Submission, para. 707.

***c) Conclusion***

127. In light of the above, Norway is of the view that the complainants under Article 2.2 as a threshold matter must establish, and not merely assert, that the measure is trade-restrictive. Further, Norway finds that the plain packaging measure pursues a legitimate objective, and that the nature and gravity of the risks non-fulfilment would create, supports a conclusion that the plain packaging measure is not more trade-restrictive than what is necessary. Norway also requests the Panel to take into account the above-mentioned legal observations regarding the measure's contribution to the achievement of the legitimate objective, and notes that that the alternative measures referred to by the complainants do not appear to be equally efficient as, and less trade restrictive than, Australia's plain packaging measure.

**V. CONCLUSION**

128. Norway respectfully requests the Panel to take account of the considerations set out above when evaluating the claims in this dispute.