



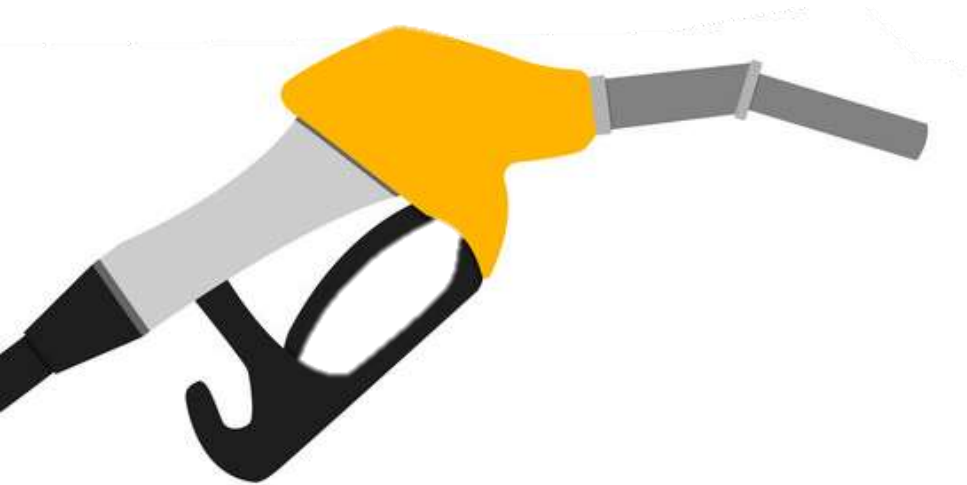
Global Trade and
Investment Advisors

The Legal Framework for Innovation in the Tobacco Industry

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Founder and Managing Director

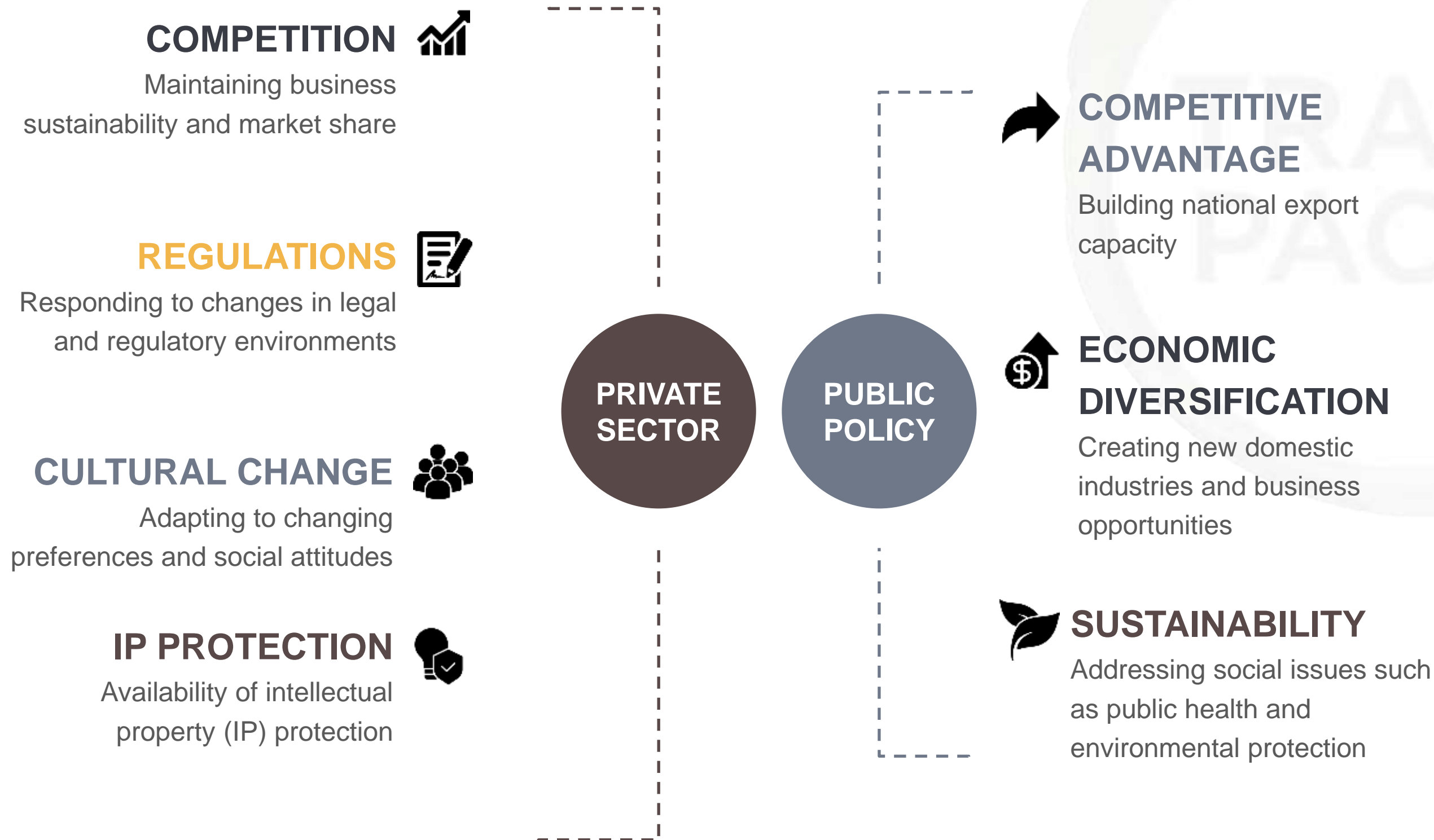
3 April 2019 | WT Middle East Conference



**Innovation is necessary to
adapt to the evolving
marketplace**



Common Innovation Drivers



The Case of Tobacco

- Same innovation drivers
- Successful product innovation as a response to both regulations and cultural change

FOR EXAMPLE

- Research into biodegradable cigarette butts
- Emergence of e-cigarettes and EHTPs
- Recyclability of e-cigarette components
- Reduction of plastic packaging



Why protect IP?

- Assuring ROI by providing **monopoly** power over commercialization, over a certain period and if certain conditions are met
- Protection usually requires **registration** through available mechanisms
- Works because of strong **enforcement** provisions
 - Administrative: each WTO Member needs to have procedures in place to defend right holders (e.g. seizure of counterfeit goods at the customs)
 - Judicial: domestic courts and international tribunals can examine IP cases, notably WTO

INTERNATIONAL LEGAL FRAMEWORK FOR INNOVATION

WTO

World Trade Organisation

TRIPS

Trade-Related Aspects of
Intellectual Property Rights
Agreement

WIPO

World Intellectual Property Organisation

SUBSTANTIVE PROTECTION

Berne Convention (Copyright)
Paris Convention (Industrial Property
– Patents and TMs)

ADMINISTRATIVE MECHANISM

Patent Co-operation Treaty (PCT)
Madrid Protocol (for Trademarks)

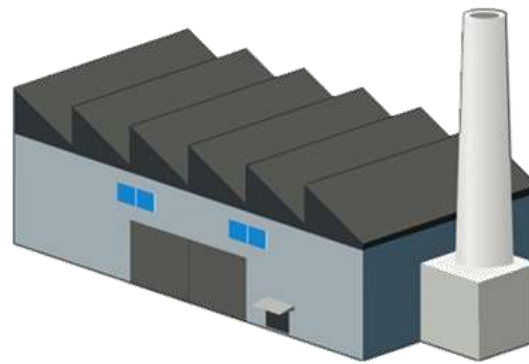
IP Protection in the Tobacco Value Chain

LEAF
GROWING



PLANT VARIETY
PROTECTION

PROCESSING
AND PRODUCTION



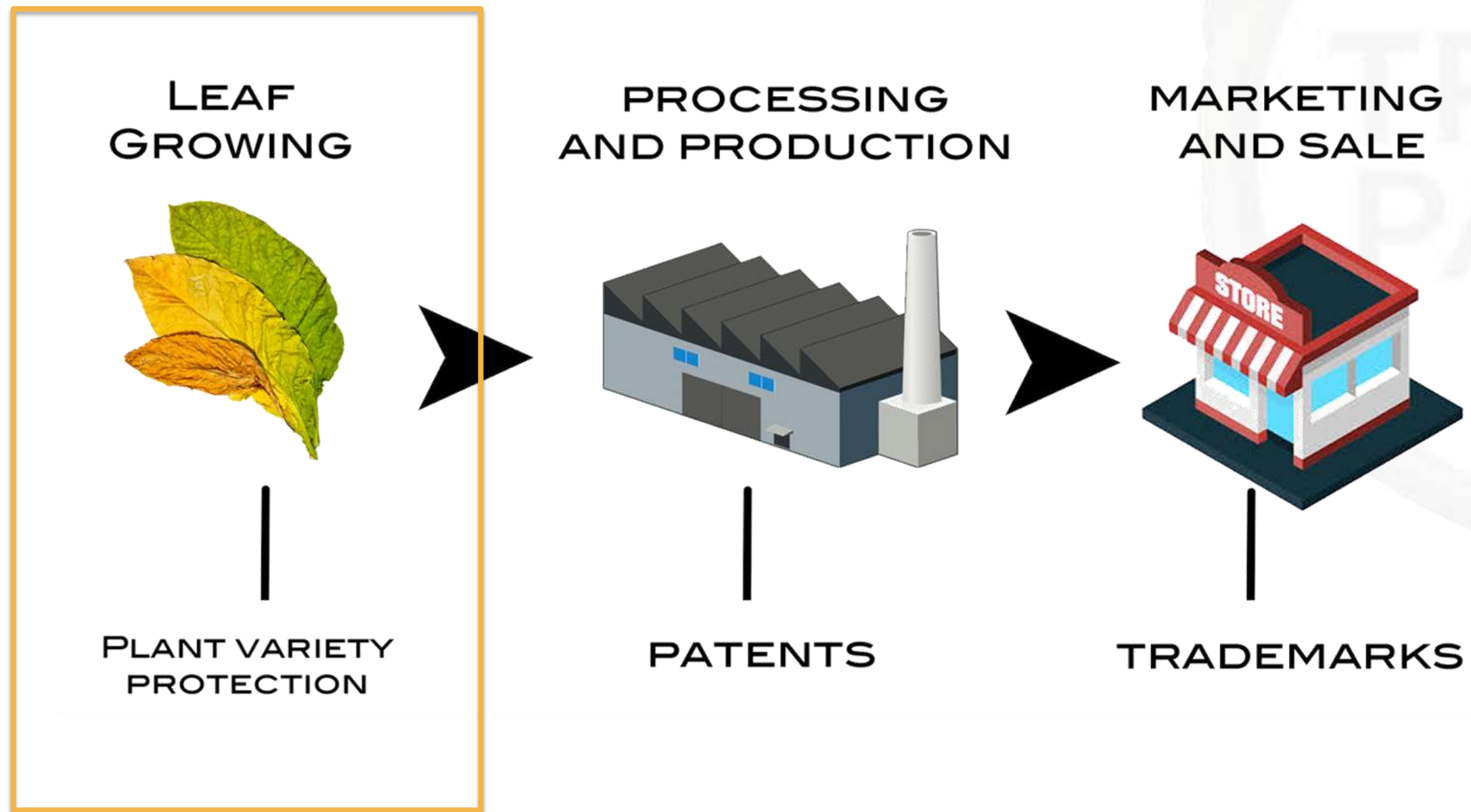
PATENTS

MARKETING
AND SALE



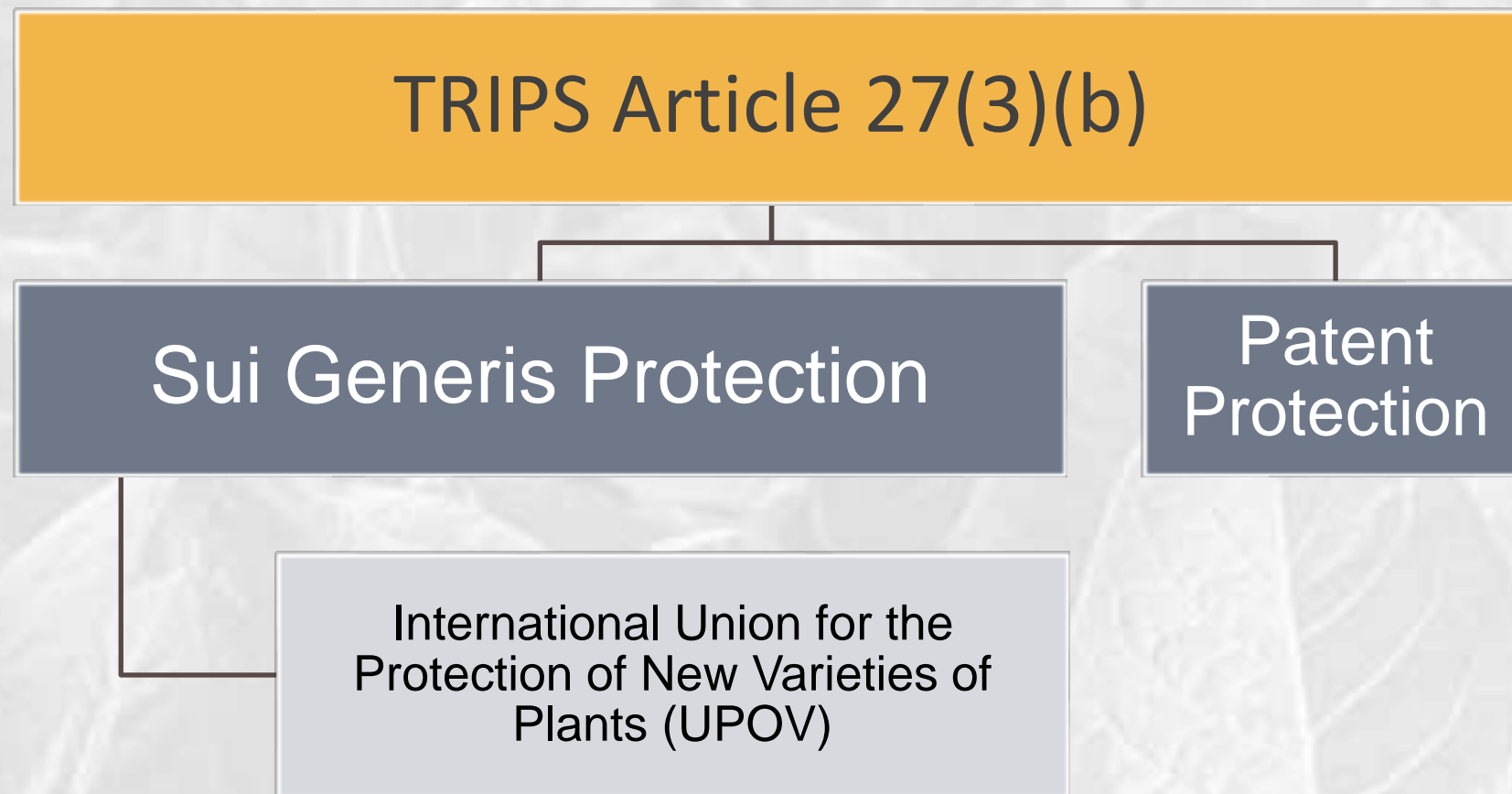
TRADEMARKS

IP Protection in the Tobacco Value Chain



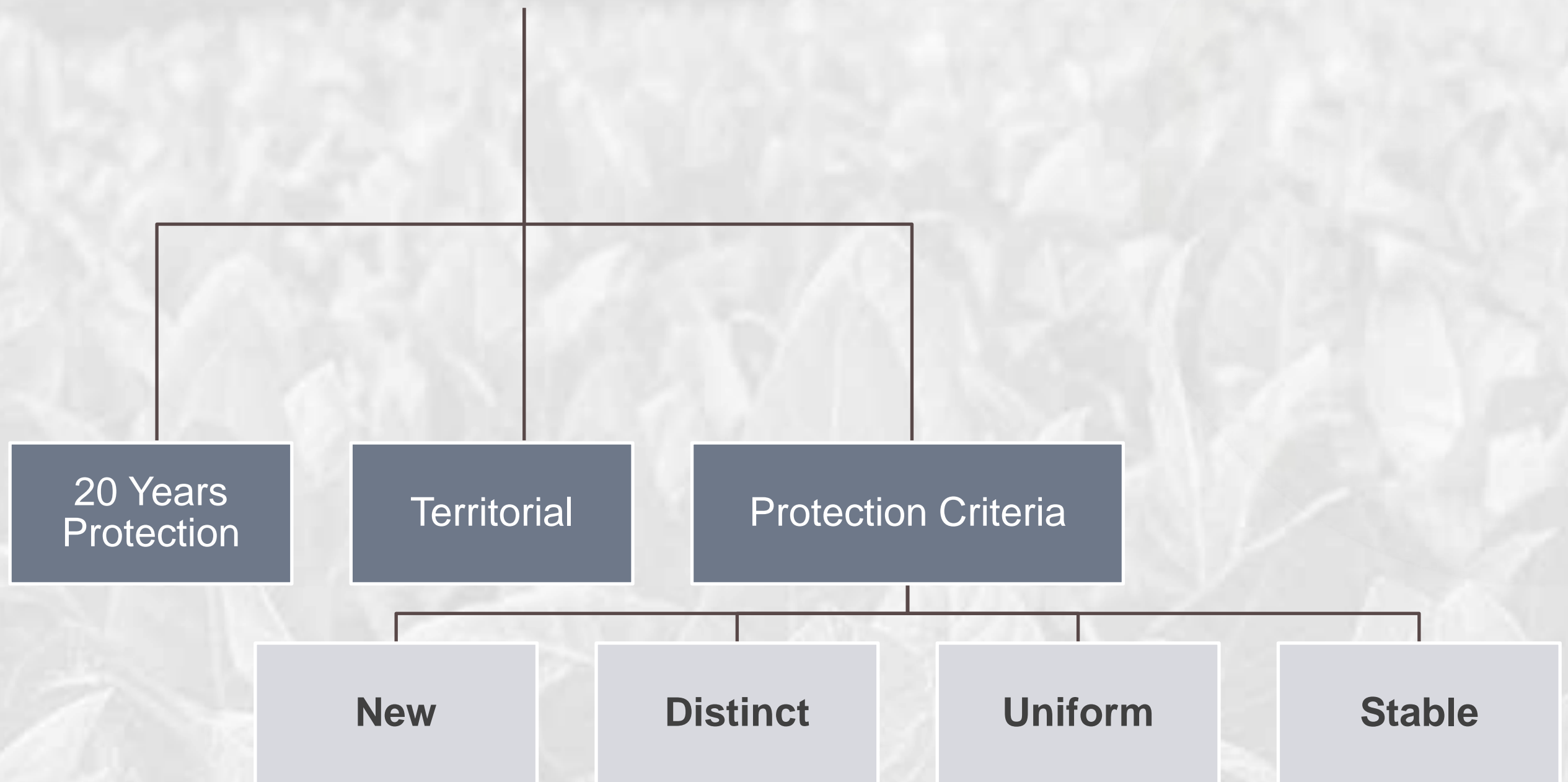
Protection of Plant Varieties

Innovation in leaf growing relates to the production of new plant varieties for commercial cultivation



“...Members shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof.”

Plant Variety Features



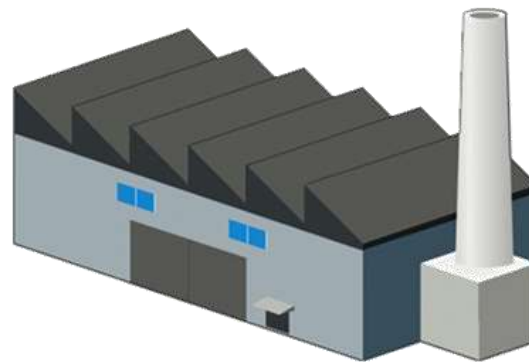
IP Protection Through the Tobacco Value Chain

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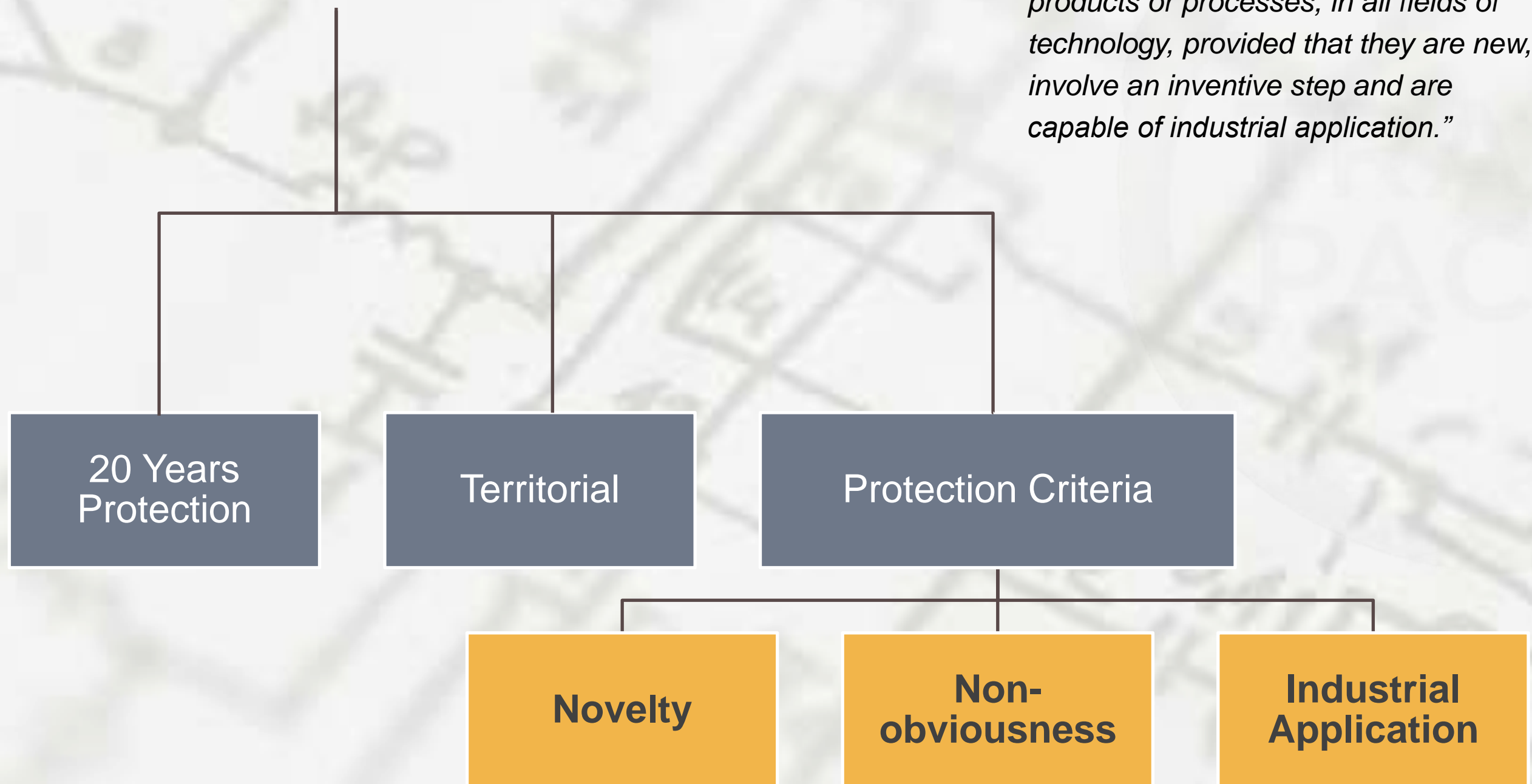
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TRADEMARKS

Patent Features

TRIPs Art. 27(1) – “...patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.”



Product Innovation Example



The recent e-cigarette and EHTPs boom demonstrates the importance of protecting IP

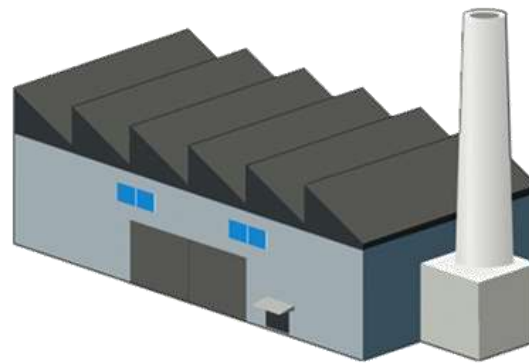
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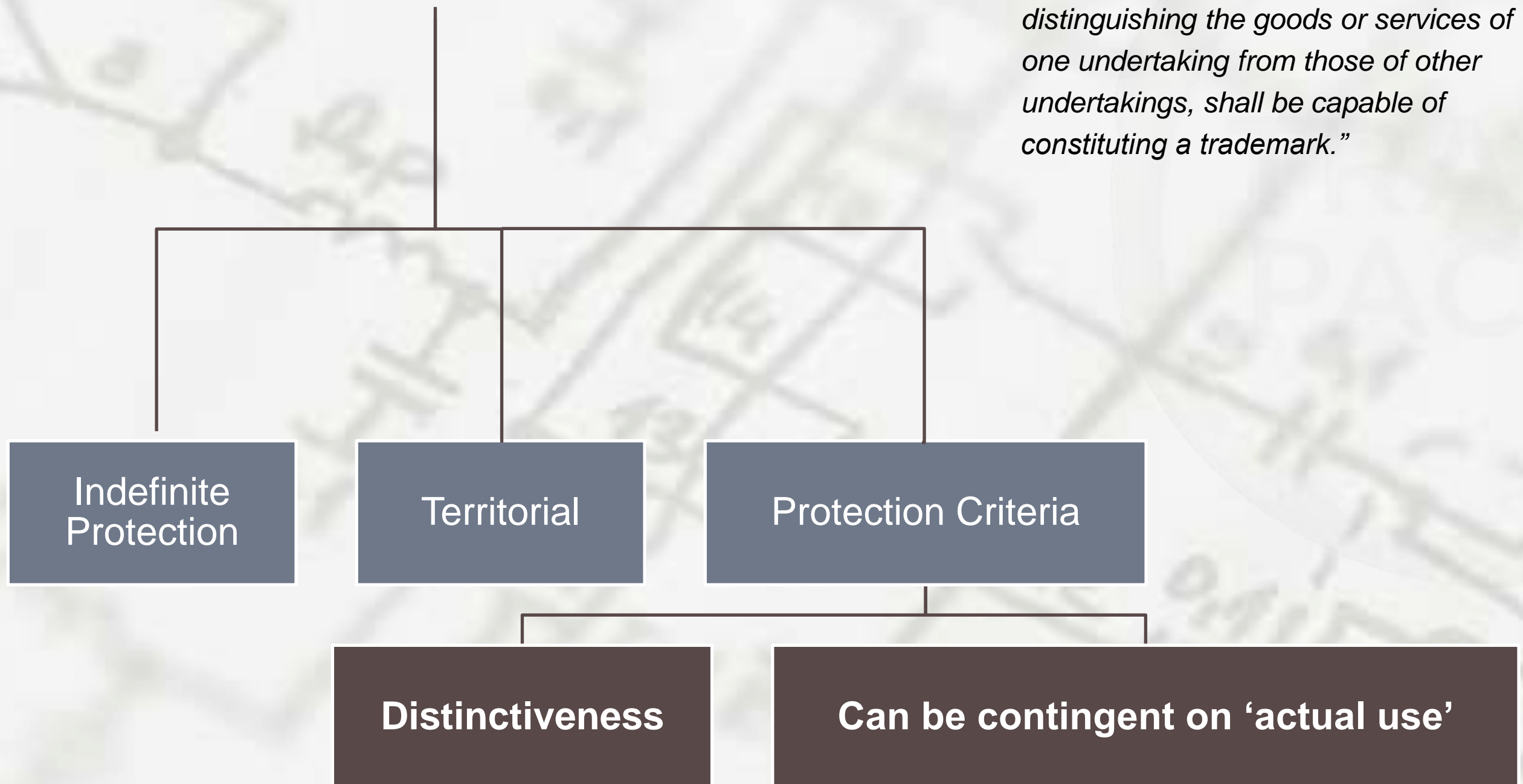
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TRADEMARKS

Trademark Features

TRIPs Art. 15(1) – “Any 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.”



Trademark Challenges



Plain Packaging Australian WTO Dispute

Australia implemented Plain Packaging in 2011

2011

Measure challenged before the Australian High Court and under Bilateral Investment Treaties (BITs)

2012

2013

WTO dispute initiated in 2012 by Cuba, the Dominican Republic, Honduras, Indonesia and Ukraine

2018

Panel Report circulated

2018

Case at the WTO Appellate Body

DIVERSIFICATION



CBD and Marijuana

- Tobacco companies have solid **IP portfolios** which can be used to diversify
- Emerging CBD and Legal/Medical Marijuana markets are a prime example of **opportunities**
- Tobacco **technology** and know-how can be applied e.g. from to keeping herb flowers fresher to developing new methods of consumption
- The tobacco **infrastructure** offers a competitive advantage in this new market



IP Protection Open Challenges

1 It is no longer about 'how innovations are protected' but 'how their exploitation might be limited' by national regulation (e.g. plain packaging)

2 Emergence of wide interpretation of exceptions from protection which may be detrimental to the IP right holders

3 Effective implementation of the international IP protection treaties at the domestic level (e.g. counterfeit)

4 Little awareness on the IP/trade and health linkage debate

The Way Forward

- ✓ Investments in R&D should be matched by actively **monitoring**:
 - International patent & trademark application databases
 - Regulations that may erode available protections to right holders
- ✓ Given the global reach, wider use to be made of WIPO (multilateral) **filing** systems
 - PCT for patents and the Madrid Protocol for trademarks
- ✓ Active role in **contributing** to developments in international trade/IP rules development and implementation
 - e.g. relevant negotiations of treaties (WTO, FTAs and BITs)

THANK YOU



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