8TH GNLU INTERNATIONAL MOOT COURT COMPETITION, 2016

BEFORE THE

WORLD TRADE ORGANIZATION

DISPUTE SETTLEMENT BODY

WT/DS/xxx

WINGARDIUM: MEASURES CONCERNING DOMESTIC SOURCING OF SOLAR CELLS AND PLAIN PACKAGING OF CRYSTALLINE SILICON CELLS

LEViosa

(COMPLAINANT)

V.

WINGARDIUM

(RESPONDENT)

SUBMISSIONS ON BEHALF OF THE RESPONDENT
# Table of Contents

List of Abbreviations ........................................................................................................... v
Index of Authorities .......................................................................................................... vii
Statement of Facts .............................................................................................................. xiii
Measures at Issue ............................................................................................................... xv
Summary ............................................................................................................................. xvii
Legal Pleadings ................................................................................................................... 1

I. THAT THE DSB MUST DECLINE JURISDICTION OVER THE DISPUTE ........ 1

II. THAT WG/SM/P-1 AND THE EXECUTIVE ORDERS ARE CONSISTENT WITH WTO LAW ........................................................... 1

   A. Domestic Content Requirement mandated by the WNSM Programme is consistent with Article III of the GATT 1994 .............................................. 2

      1. Challenged measures are consistent with Wingardium’s national treatment obligation under Article III:4, of the GATT 1994 .............................................. 2

         a) Imported solar PV modules and cells and domestic solar PV modules and cells are not like products ................................................................. 3

         b) Imported solar PV modules and cells are not accorded “less favourable” treatment than “like” domestic products ......................................................... 4

      2. Challenged measures are consistent with Wingardium’s obligation under Article III:5, of the GATT 1994 ................................................................. 5

   B. Challenged Measures do not violate Articles 3.1(B) and 3.2 of the Agreement on Subsidies and Countervailing Measures ........................................ 6

      1. The government purchase of goods cannot be characterized as a “direct transfer of funds” ............................................................................................. 6

      2. The challenged measures do not provide “income or price” support .............. 7

      3. The challenged measures do not “confer a benefit” ........................................ 7

   C. The FIT Scheme is exempted by Article III:8(A) of the GATT 1994 .............. 8

      1. Procurement for “governmental purpose” ............................................................ 9

-Written Submissions on behalf of the Respondent-
2. Procurement not with a view to “commercial resale” or “used in the production of goods for commercial sale”.

3. True and genuine “connection” between FIT Scheme and governmental purpose.

4. Electricity generators are in “direct competition” with each other.


1. Protection of human, animal and plant life as a policy ground justifying deviation Article III of the GATT.
   a) Challenged measures fall within the scope policy ground.
   b) Challenged measures are necessary within the meaning of Article XX(b).
   c) Application of the “chapeaux”.

2. Challenged measures exempted under Article XX (g) because they are undertaken to conserve exhaustible natural resources.
   a) Challenged measures fall within policy ground.
   b) Challenged measures pass specific trade tests.
   c) Application of the “chapeaux”.

E. CHALLENGED MEASURES ARE NOT INCONSISTENT WITH ARTICLE 2.1 OF THE TRIMS AGREEMENT.


2. FIT Scheme falls within the scope of Article III:8(a) of the GATT 1994.

3. DCR Measures are exempted under Article XX of the GATT 1994.

III. THAT HEALTH DIRECTIVE 141/PP/CST IS CONSISTENT WITH INTERNATIONAL LAW.

A. THE MEASURE IS CONSISTENT WITH THE STATE’S OBLIGATIONS UNDER ARTICLE 20 OF THE TRIPS AGREEMENT.

1. Plain packaging is outside the scope of Article 20 of the TRIPS Agreement.

2. In arguendo, it is not expressly in violation of Article 20 of the TRIPS Agreement.
   a) The measure is to be presumed consistent.
b) *It is not expressly prohibited under the Article.* ........................................... 17

3. The measure is a justifiable special encumbrance. ........................................... 18
   a) *Public health is a valid justification.* ............................................................ 18
   b) *Plain packaging shall materially contribute to the objective.* ....................... 19

B. **The Health Directive is in consonance with Wingardium’s obligation under Article 2.2 of the TBT Agreement.** ................................................................. 20
   1. The health directive pursues a legitimate objective. ........................................... 20
   2. It is not more trade restrictive than necessary to fulfill the legitimate objective. 21
      a) *The measure makes a material contribution to the legitimate objective.* ...... 22
      b) *The measure is not unnecessarily trade restrictive.* .................................. 22
      c) *Grave consequences arise from non-fulfilment of the objective.* .............. 23
      d) *No less-trade restrictive alternatives are reasonably available.* ............... 23

C. **The Directive is consistent with Article 16.1 of the TRIPS Agreement.** .... 24
   1. There exists no right to use a trademark under international law. ....................... 24
   2. Wingardian Act does not fall within the scope of Article 16.1 of the TRIPS Agreement. ................................................................. 25

D. **The measure is consistent with the obligations imposed by Article IX:4 of GATT 1994.** ................................................................. 26
   1. The measure falls beyond the scope of the article. ........................................... 26
   2. Alternatively, it does not materially reduce value and unreasonably increase cost. 27
      a) *It does not materially reduce the value of the products.* .......................... 27
      b) *It does not unreasonably increase the cost of production.* ..................... 27

Request for Findings........................................................................................................... xix

-Written Submissions on behalf of the Respondent-
# List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>Appellate Body</td>
</tr>
<tr>
<td>Art./Arts.</td>
<td>Article/Articles</td>
</tr>
<tr>
<td>CLI</td>
<td>Consortium of Leviosian Investors</td>
</tr>
<tr>
<td>DCRs</td>
<td>Domestic Content Requirements</td>
</tr>
<tr>
<td>DOHA Declaration</td>
<td>The WTO’s Declaration on the TRIPS Agreement and Public Health</td>
</tr>
<tr>
<td>DSB</td>
<td>Dispute Settlement Body</td>
</tr>
<tr>
<td>EC</td>
<td>European Communities</td>
</tr>
<tr>
<td>e.g.</td>
<td>exempli gratia, for example</td>
</tr>
<tr>
<td>FIT</td>
<td>Feed-in tariff</td>
</tr>
<tr>
<td>GA</td>
<td>Global Adjustment</td>
</tr>
<tr>
<td>GATT 1994</td>
<td>General Agreement on Tariffs and Trade 1994</td>
</tr>
<tr>
<td>GPA</td>
<td>Agreement on Government Procurement</td>
</tr>
<tr>
<td>LCR</td>
<td>Local Content Requirement</td>
</tr>
<tr>
<td>NSEFI</td>
<td>National Solar Energy Federation of India</td>
</tr>
<tr>
<td>OPA</td>
<td>Ontario Power Authority</td>
</tr>
<tr>
<td>p./pp.</td>
<td>Page/Pages</td>
</tr>
<tr>
<td>¶/para./¶¶/paras.</td>
<td>Paragraph/Paragraphs</td>
</tr>
<tr>
<td>Paris Convention</td>
<td>Paris Convention for the Protection of Industrial Property</td>
</tr>
<tr>
<td>PV</td>
<td>Photovoltaic</td>
</tr>
<tr>
<td>SCM Agreement</td>
<td>Agreement on Subsidies and Countervailing Measures</td>
</tr>
<tr>
<td>TRIMs</td>
<td>Trade-related investment measures</td>
</tr>
<tr>
<td>TRIPS Agreement</td>
<td>Agreement on Trade Related Aspects of Intellectual Property Rights</td>
</tr>
</tbody>
</table>

-Written Submissions on behalf of the Respondent-
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>United States</td>
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<tr>
<td>VCLT</td>
<td>Vienna Convention on Law of Treaties</td>
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<td>Vol.</td>
<td>Volume</td>
</tr>
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<td>WNSM</td>
<td>Wingardium National Solar Mission</td>
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<td>WSO</td>
<td>Wingardium Standards Organisation</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
INDEX OF AUTHORITIES

WTO Cases

Appellate Body Report, Argentina – Safeguard Measures on Imports of Footwear, ¶ 88, WT/DS121/AB/R (January 12, 2000) ................................................................. 17


Appellate Body Report, European Communities — Regime for the Importation, Sale and Distribution of Bananas, ¶ 216, WT/DS27/AB/R (Sept. 9, 1997) ................. 5


Appellate Body Report, United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany, ¶ 157, WT/DS213/AB/R (Dec. 19, 2002) ................................................................. 17

-Written Submissions on behalf of the Respondent-

Appellate Body Report, United States – Final Anti-Dumping Measures on Stainless Steel from Mexico, ¶ 160, WTO Doc WT/DS344/AB/R (May 20, 2008) ......................................................17


Appellate Body Report, United States – Measures Affecting the Production and Sale of Clove Cigarettes, WT/DS466/AB/R (April 24, 2012) .................................................................19

Appellate Body Report, United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint), ¶ 619, WT/DS353/AB/R (March 23, 2012) ..................................................7

Appellate Body Report, United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products, ¶ 314, WT/DS381/AB/R (June 13, 2012)...21, 22, 23


Appellate Body Report, United States – Tax Treatment for Foreign Sales Corporations, ¶ 166, WT/DS108/AB/R (Feb. 24, 2000) .................................................................1, 4


Panel Report, Canada – Measures Affecting Exports of Unprocessed Herring and Salmon , ¶¶ 4.4-4.6, BISD 35S/98 (March 22, 1988) .................................................................13


-Written Submissions on behalf of the Respondent-
Written Submissions on behalf of the Respondent -


**Articles**


Andrew Mitchell, *Face Off: Assessing WTO Challenges to Australia’s Scheme for Plain Tobacco Packaging*, 22(3) PUBLIC LAW REVIEW (2011) ................................................................. xxxv

US-Tuna Panel Report ........................................................................................................... xlii


Books

MITCHELL A, LEGAL PRINCIPLES IN WTO DISPUTES 53 (Cambridge University Press, 2008) ........................................................................................................................................... xxxiii


ANDREW D. MITCHELL, M SORNARAJAH, TANIA V, GOOD FAITH AND INTERNATIONAL ECONOMIC LAW ¶ 3.4.4., 49 (Oxford University Press, 2015).............................................................. xvii


VALENTINA VADI, PUBLIC HEALTH IN INTERNATIONAL INVESTMENT LAW AND ARBITRATION 50 (Routledge, 2012) ........................................................................................................... xxxiv

Treaty and Conventions


-Written Submissions on behalf of the Respondent-


World Trade Organization, Ministerial Decision of 14 November 2001, WT/MIN(01)/DEC/1.41 I.L.M. 746 (2002)..............................................................xxxv

WTO Ministerial Conference, Declaration of Punta del Este, Adopted on Sept 20, 1986.xxxiv

Miscellaneous Authorities

OXFORD DICTIONARY ...........................................................................................................XXV

OXFORD DICTIONARY OF ENGLISH 577 (3rd ed. 2010) ..............................................xxxii

-Written Submissions on behalf of the Respondent-
THE PARTIES
Leviosa, a founding member of both GATT and the WTO, is a developed country with a population of 250 million. It has a robust manufacturing industry and developed IT sector. Wingardium, a developing country with a population of 500 million and has recorded immense economic growth in the past 10 years. It decided to join the WTO in 2005 and liberalize its economy.

SOLAR INDUSTRY IN LEVIOSA
In 2006, Leviosa developed a unique technology that uses solar power to generate energy. The technology allowed Leviosa to significantly reduce its carbon emissions, meet its Intended Nationally Determined Commitment, and become the largest exporter of the Crystalline Silicon Solar Cells in the world.

SOLAR INDUSTRY IN WINGARDIUM
Wingardium is an energy stressed state, with almost 95% of its energy needs being met by fossil fuels. In 2013, the Government of Wingardium decided to initiate the Wingardian National Solar Mission (WNSM), aimed at developing a robust domestic solar industry in Wingardium.

STRATEGIC PARTNERSHIP
In January 2013, the President of Leviosa visited Wingardium to develop a strategic partnership, with respect to the execution of WNSM. The economic gain from such a deal was estimated at $1 trillion over a 10 year period. The trip resulted in the inking of the Wino-Leviosian Energy Cooperation Agreement with the Consortium of Leviosian Investors (CLI) winning tenders for 60% of Phase-I of WNSM. This was subject to the meeting of criteria stipulated in technical regulation WG/SM/P-1.

TRADE RESTRICTIVE MEASURES
The WNSM Program introduced domestic content requirement measures vide the mission’s enabling document WG/SM/P-1.

-Written Submissions on behalf of the Respondent-
Article 4 laid down requirements for project developers of Phase-I of the Mission. This entails projects based on Crystalline Silicon Technology using modules manufactured in Wingardium.

Article 4.1 sets the DCR for plants/installations using CST at 30%. This requirement is strengthened in Phase-II.

Article 5 introduces a FIT scheme coupled with a DCR of 30%.

Over the course of two years Leviosian investors suffered a loss of $5 billion and had to share a significant amount of revenue with domestic manufacturers. Keeping in mind the diplomatic relations between Wingardium and Leviosa, the President of Wingardium, through an Executive Order dated 2nd July 2015, slashed back the domestic content requirements. Ensuing backlash due to the rising unemployment and burgeoning fiscal deficit in Wingardium resulted in the reinstatement of the measures with a new requirement of 50%. This was despite the fact that Leviosa had transferred Know-How to establish 25 domestic companies dealing with production of Crystalline Silicon Solar PV Module.

PLAIN PACKAGING OF SOLAR CELLS

A study by the Department of Health of Wingardium revealed that Crystalline Silicon solar cells were causing allergies and in some cases resulting in skin cancer for individuals in close contact. The Wingardian DoH issued a directive on 1st February, 2016 calling for plain packaging of all solar cell products with the aim of reducing brand recognition of Crystalline Silicon cells and promotion of the use of locally manufactured Thin Film technology solar cells.

ESTABLISHMENT OF PANEL

In late March 2016, Leviosa requested consultations with Wingardium under WTO Dispute Settlement Understanding. The failure of consultation resulted in Leviosa requesting the establishment of a WTO Panel. The DSB established a panel in June 2016. The WTO Director General composed the Panel in July 2016.
MEASURES AT ISSUE

The measures claimed by the Republic of Leviosa to be at issue in the present dispute are:

1. The Domestic Content Requirement and the FIT Scheme incorporated in WG/SM/P-1 as well as Executive Order WG/SMEO/119 as inconsistent with:
   a. Article 2.1 of the TRIMS Agreement.
   d. Article 3.1(b) and 3.2 of the SCM Agreement.

2. The Health Directive 141/PP/CST issued by the Department of Health of the Republic of Wingardium requiring plain packaging of Solar Cells and Solar Modules as inconsistent with:
   a. Article 20 of the TRIPS Agreement.
   b. Article 16.1 of the TRIPS Agreement.
   d. Article 2.2 of the TBT Agreement
The Republic of Wingardium makes the following submissions:

I. THAT THE WNSM PROGRAM AND EXECUTIVE ORDERS ARE CONSISTENT WITH WTO LAW.
   A. Domestic content requirement mandated by the WNSM Program is consistent with Article III of the GATT.
         • Imported solar PV modules and cells and domestic solar PV modules and cells are not “like” products.
         • Imported solar PV modules and cells are not accorded “less favourable” treatment than “like” domestic products.
      2. Challenged measures are consistent with obligation under Article III:5 of the GATT 1994.
   B. Wingardium has acted consistently with Article 3.1(b) and 3.2 of the SCM 1994.
      1. Government purchase of goods cannot be characterized as “direct transfer of funds”.
      2. The Feed-In Tariff Scheme does not provide any “income or price support”.
      3. The Feed-In Tariff Scheme does not “confer a benefit”.
   C. Feed-In Tariff Scheme falls within the scope of Article III:8(a) of the GATT 1994.
      1. Procurement of electricity is for “governmental purpose”.
      2. Procurement not with a “view to commercial resale” or “used in producing products for commercial resale”.
      3. True and genuine “connection” between Feed-In Tariff Scheme and policy objective.
      4. Solar electricity generators are in a “directly competitive relationship”.
   D. Challenged measures are exempted under Article XX sub-paragraph (b) and (g) of the GATT 1994.
      1. Measures fall within the “scope” of policy grounds and pass relevant “trade tests”.
      2. Measures satisfy the application of the “chapeaux” test.
   E. Wingardium has acted consistently with Article 2.1 of the TRIMs Agreement.
      1. Challenged measures are consistent with Article III of the GATT 1994.
      2. Challenged measures are saved by the operation of Article XX of the GATT 1994.

-Written Submissions on behalf of the Respondent-
3. FIT Scheme is saved by the operation of Article III:8(a) of the GATT 1994.

II. THAT HEALTH DIRECTIVE 141/PP/CST VIOLATES INTERNATIONAL LAW.

A. Challenged measure is consistent with Wingardium’s obligation under Article 20 of the TRIPS Agreement.
   1. “Plain packaging” falls outside the scope of Article 20 of the TRIPS Agreement.
   2. “Plain packaging” is not in express violation of Article 20 of the TRIPS Agreement.
      • The measure it to be presumed consistent.
      • The measure is not expressly prohibited.
   3. Challenged measure is a “justifiable special encumbrance”.
      • Public health is a valid justification.
      • The measure materially contributes to the objective.

B. The Health Directive is consistent with Article 2.2 of the TBT Agreement.
   1. Health Directive pursues a “legitimate objective”.
   2. Health Directive is not more “trade restrictive” that “necessary”.
      • Measures makes a material contribution towards achieving objective.
      • Measure is not unnecessarily trade restrictive.
      • Grave consequences arise from non-fulfillment of objective.
   3. No less restrictive trade alternatives are “reasonably” available.

C. The Directive is consistent with Article 16.1 of the TRIPS Agreement.
   1. There exists no “right to use” a trademark under international law.
   2. Wingardium Trademarks Act does not fall within the scope of Article 16.1 of the TRIPS Agreement.

D. Adopted measure is consistent with obligation under Article IX:4 of the GATT 1994.
   2. Adopted measure do not “materially reduces value” or “unreasonably increase cost” of the products.
I. THAT THE DSB MUST DECLINE JURISDICTION OVER THE DISPUTE.

An abusive exercise of treaty right results in breach of treaty rights of other Members, and therefore, in a violation of the treaty obligation of the Member so acting. In this regard, “good faith” guides how Members must interpret, and control the exercise of their rights. Wingardium submits that Leviosa’s exercise of their procedural rights under the Dispute Settlement Understanding lacks good faith and does not meet the “standards” set by the Body. Accordingly, it is contended that the DSB must decline jurisdiction over the dispute.

II. THAT WG/SM/P-1 AND THE EXECUTIVE ORDERS ARE CONSISTENT WITH WTO LAW.

The Government of Wingardium has launched the Wingardium National Solar Mission vide enabling document WG/SM/P-1. Participation in the Solar Mission is conditioned on compliance with technical regulations and domestic content requirements. Wingardium submits that the above measures are consistent with A) Article III of the GATT 1994. The Feed-In Tariff Scheme is consistent with B) Article 3.1(b) and 3.2 of the SCM Agreement and falls within the scope of C) Article III:8(a) of the GATT 1994. Alternatively, the measures are exempted under D) Article XX of the GATT 1994 and hence do not violate E) Article 2.1 of the TRIMs Agreement.

3 US – Shrimp Appellate Body Report, supra note 1, ¶158.
4 Hereinafter, ‘DSU’.
6 Hereinafter, ‘WNSM’.
7 Factsheet, ¶ 5.
8 Hereinafter, ‘DCR’.
9 Factsheet, ¶ 10.
10 Hereinafter, ‘FIT’.

-Written Submissions on behalf of the Respondent-
A. **Domestic Content Requirement mandated by the WNSM Programme is consistent with Article III of the GATT 1994.**

The WNSM Program introduces DCR measures *vide* the mission’s enabling document WG/SM/P-1.¹¹

- Article 4 lays down requirements for project developers of Phase-I of the Mission. One of the requirements is that projects based on Crystalline Silicon Technology¹² have to use modules manufactured in Wingardium.¹³
- Article 4.1 sets the DCR for plants/installations using CST at 30%. This requirement is strengthened in Phase-II where all eligible solar projects must use only locally developed technology.¹⁴
- Article 5 introduces a FIT Scheme coupled with a DCR of 30%.¹⁵

It is humbly contended that the DCR imposed on solar project developers, and DCR of FIT scheme is consistent with Wingardium’s obligations under 1) Article III:4, and 2) Article III:5 of the GATT 1994.

1. **Challenged measures are consistent with Wingardium’s national treatment obligation under Article III:4, of the GATT 1994.**

A violation of Article III:4 of the GATT 1994 can be found when the challenged measure a) concerns imported and domestic products that are “*like products*”; b) is a “*law, regulation or requirement affecting their internal sale, offering for sale, purchase, transportation, distribution or use*”; and c) accords “*less favourable*” treatment to imported product than that accorded to like domestic products.¹⁶

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¹¹ Factsheet, ¶ 5.
¹² Hereinafter, ‘CST’.
¹³ Factsheet, ¶ 6.
¹⁴ *Ibid*.
¹⁵ *Ibid*.

-Written Submissions on behalf of the Respondent-
a)  *Imported solar PV modules and cells and domestic solar PV modules and cells are not like products.*

A determination of “likeness” under Article III:4 is a determination of the existence and extent of competitive relationship between products.\(^{17}\) In order to determine whether products in issue are in a competitive relationship the Appellate Body has held that no list of adopted criteria is exhaustive.\(^{18}\) In the present matter, the following criteria may be considered: i) price of the products\(^{19}\), and ii) consumer perception and behavior\(^ {20}\).

i)  **Price of product as a factor.**

The price of a product is relevant in assessing whether imported and domestic products stand in a sufficiently direct competitive relationship in a given market.\(^{21}\) The Panel has upheld that evidence of major price differentials demonstrates that the imported and domestic products are in completely separate markets.\(^ {22}\)

The cost of solar panels varies dramatically depending upon one’s location.\(^ {23}\) Dissimilarities in pricing are further evidenced by the practice of dumping solar panels at prices lower than their normal value.\(^ {24}\) Generally, ‘infant’ solar industries in countries such as India exhibit greater manufacturing costs and inefficiencies.\(^ {25}\)

In the present case, the solar industry in Wingardium is an infant industry and difference is pricing is evidenced by, (i) cheap costs of solar cells and modules for technology enabled Leviosa\(^ {26}\) and, (ii) the fact that despite the transfer of Technical Know How to 25 domestic

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\(^{21}\) Ibid, at ¶ 215.


\(^{23}\) Ibid.


\(^{26}\) Factsheet, ¶ 3.
companies\textsuperscript{27}, the domestic solar cells were unable to offer competitive rates and saw the laying off over 5 million employees in the sector.\textsuperscript{28}

The existence of major price differentials confirms separate markets for domestic and imported products. Therefore, the two types of products are not in a directly competitive relationship and hence, not “like” for the purposes of Article III:4 of the GATT 1994.

ii) Consumer preference and behaviour.

A key element in determining the competitive relationship between products is the extent to which consumers are or “would be” willing to use the products to perform required functions.\textsuperscript{29} In markets that are characterized by regulatory barriers to trade or competition, there may be latent demand for a product.\textsuperscript{30} The Panel has held that it is relevant to examine latent demand that is suppressed by regulatory barriers. Additionally, evidence from other markets is pertinent when demand on that market has been influenced by regulatory barriers to trade or to competition.\textsuperscript{31}

In the present case, the Wingardian market is characterised by regulations on the sale of solar cells and modules.\textsuperscript{32} Therefore, examination of latent demand is relevant. This may be undertaken by examining other markets that are not influenced by such regulation. It is humbly contended that consumers in countries with infant industries showed strong preference towards the use of imported solar cells and modules. Therefore, imported solar cells and modules exist in a separate relevant market than domestic solar cells and modules.

b) \textit{Imported solar PV modules and cells are not accorded “less favourable” treatment than “like” domestic products.}

The Panel and Appellate Body have interpreted “treatment no less favourable” to require “effective equality of competitive opportunities”, \textsuperscript{33} and protection of “expectation” of “equality of competitive conditions”.\textsuperscript{34} Further, Article III:4 cannot compel members to develop contestable markets except to the extent that they are “relieved” of their

\begin{footnotesize}
\begin{enumerate}
\item Factsheet, ¶14.
\item Factsheet, ¶13.
\item \textit{EC-Asbestos\,Appellate Body Report, supra note 17, ¶¶ 97-100.}
\item \textit{Korea – Beverages Appellate Body Report, supra note 19.}
\item \textit{EC-Asbestos Appellate Body Report, supra note 17, ¶¶ 97-100.}
\item Factsheet, ¶5.
\item \textit{US-FSC Appellate Body Report, supra note 2, ¶ 215.}
\item \textit{Korea-Beef Appellate Body Report, supra note 16, ¶.}
\end{enumerate}
\end{footnotesize}
“disadvantage” relative to like domestic goods.\textsuperscript{35} This overall obligation as described is that of the “level playing field”.\textsuperscript{36}

In the present matter, Wingardium recognizes that it has a matching responsibility to create non-formally identical treatment to ensure no disparate impact upon like imports. The overall design of the WNSM Program is such that it doesn’t disadvantage foreign products. This is evidenced by the estimated $1 trillion economic gain the Wino-Leviosan Energy Cooperation Deal\textsuperscript{37} and that Leviosan investors received 60% of the power purchase agreements by voluntarily complying with the requirements of the scheme\textsuperscript{38}. It is pertinent to note that bullish expectation was arrived at after taking into consideration the obligations entailed. Therefore, while DCR measures did exist, the WNSM created an equally investor conducive environment to “level the playing field”.

c) Additionally, Article III:4 does not make specific reference to the element of “so as to afford protection to domestic production” in Article III:1. Therefore, Article III:4 does not require a separate examination of whether the measure at issue is applied “so as to afford protection to domestic production.”\textsuperscript{39}

2. \textbf{CHALLENGED MEASURES ARE CONSISTENT WITH WINGARDIUM’S OBLIGATION UNDER ARTICLE III:5, OF THE GATT 1994.}

It is humbly contended that no inconsistency with Article III:5, first sentence can be found as the adopted measures are not (a) internal quantitative regulation (b) that require specified amounts of any product.

Further, Article III:5, second sentence prohibits application of measures in a manner contrary to the principles set forth in Article III:1.\textsuperscript{40}Article III:1 articulates that internal measures should not be applied so as to afford protection to domestic production. It is humbly contended that Wingardium has not acted inconsistently with their obligation.

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\textsuperscript{36} Ibid.

\textsuperscript{37} Factsheet, ¶ 7.

\textsuperscript{38} Factsheet, ¶ 10.


\textsuperscript{40} \textit{Japan–Alcoholic Beverages} Appellate Body Report, supra 18, p.16.
\end{flushright}
B. CHALLENGED MEASURES DO NOT VIOLATE ARTICLES 3.1(B) AND 3.2 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES.

Article 3.1(b) of the Agreement on Subsidies and Countervailing Measures\(^{41}\) prohibits subsidies within the meaning of Article 1 that are contingent, that is, “conditional”, on the use of domestic over imported goods.\(^{42}\)

The Government of Wingardium has initiated a FIT Scheme similar to the Ontario FIT Scheme in order to promote the use of clean solar energy across households and commercial enterprises.\(^{43}\)

It is humbly contended that the scheme does not amount to a subsidy contingent upon use of domestic over imported goods because, 1) there is no “direct transfer of funds”, 2) the scheme does not provide for ‘income or price support’, and 3) the scheme does not “confer a benefit”.

1. THE GOVERNMENT PURCHASE OF GOODS CANNOT BE CHARACTERIZED AS A “DIRECT TRANSFER OF FUNDS”.

The Panel in \textit{US – Large Civil Aircraft}, held that a transaction properly characterized as a government purchase of goods cannot be characterized as a direct transfer of funds as this would be a) ineffective with the principle of effective treaty interpretation, and b) render the term "purchases goods" in Article 1.1(a)(1)(iii) "redundant and inutile".\(^{44}\) This holds true even if the purchase involves a "direct transfer of funds" or a "potential direct transfer of funds".\(^{45}\)

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\(^{43}\) Factsheet, ¶ 6(v).

-Written Submissions on behalf of the Respondent-
It is submitted that a simple monetary contribution is differentiated such as a "direct transfer of funds" from a "purchase of goods" as that the latter involves a monetary contribution “in exchange” for a good.\(^{46}\)

In the instant case, the transaction with FIT generators involves a monetary contribution (payments) in exchange for electricity that Wingardium directs to be supplied into the system once generated. Thus, the scheme is properly characterized as a "purchase of goods" and not a transfer of funds.

2. THE CHALLENGED MEASURES DO NOT PROVIDE “INCOME OR PRICE” SUPPORT.

It is submitted that Article 1.1(a)(2) of the SCM Agreement incorporates the term “income or price support” as prescribed in Article XVI\(^{47}\) by way of reference.\(^{48}\) Article XVI:1 requires notification of “any subsidy, including any form of income or price support, that operates directly or indirectly to increase exports [...] or reduce imports [...]”\(^{49}\). Where, “any product” in Article XVI of the GATT is a reference to “any product” that is the “subject of the subsidy” being notified under the provision.

Following from the above, for the FIT Scheme to be characterized as a form of “income or price support”, Leviosa needs to show that trade in electricity is affected by the subsidy, not trade in renewable electricity generation equipment.

There is no evidence suggesting that the FIT Scheme has contributed to a decrease in imports of solar electricity into Wingardium or increase of export out of Wingardium. In fact, there is no evidence that solar electricity is traded at all. Thus, the qualification for "income and price support" has not been met.

3. THE CHALLENGED MEASURES DO NOT “CONFER A BENEFIT”.

a) The Panel in Canada-Renewable/FIT determined that Article 14(d) of the SCM Agreement suggests that a challenged measure “confers a benefit” if the remuneration is "more than


\(^{47}\) GATT, Article XVI.

\(^{48}\) SCM Agreement, Article 1.1(a)2.

\(^{49}\) GATT, Article XVI.
adequate" compared with to remuneration on would receive on the "market". Further, this benchmark for "adequate remuneration" should be found in a competitive wholesale market.

In the present case, the wholesale electricity market is not a market where there is effective competition. Rather, Wingardium’s electricity market is better characterized as defined in most aspects by the Government’s policy decisions and regulations. This is done in order to ensure that Wingardium has a safe, reliable and long-term sustainable supply of electricity, as well as costs that can be recuperated.

b) Further, the “but for” approach cannot be applied because such an approach would not measure what the recipient could obtain in the marketplace for solar PV energy generation. Such a test, presupposes that the relevant market is electricity generated from all energy sources, in a situation where the government defines its energy supply-mix as including solar PV-generated electricity, and accordingly creates separate markets for solar PV-generated electricity.

c) Alternatively, "benefit" is linked to the concepts of "financial contribution" and "income or price support", and its existence requires a comparison in the marketplace. The notion of “advantage” within the meaning of the TRIMS agreement cannot be applied to the SCM agreement. In Canada – Aircraft, the Appellate Body did not equate the notions of "benefit" and "advantage". The interpretation of "benefit" in Article 1.1(b) of the SCM Agreement clearly suggests that, while benefits involves some form of advantage the former has a more specific meaning under the SCM Agreement.


The challenged FIT Scheme satisfies the prerequisites of Article III:8(a) and is therefore not subject to the obligations of Article III:4 of the GATT 1994. In order to fall within this provision, there must be, 1) “procurement” of a product by government agency, 2) for

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51 Ibid, at ¶ 7.276.
52 Factsheet, ¶ 5.
54 Ibid.
“governmental purposes”; and 3) not with a “view to commercial resale” or with a “view to being used in the production of goods for commercial sale”.56

1. PROCUREMENT FOR “GOVERNMENTAL PURPOSE”.

Determining the definition “governmental purposes” within the context of Article III:8(a) of the GATT requires an assessment of the, a) role of government in a particular country, and b) stated aim of the government.57

a) In determining whether a purchase if for governmental purposes due consideration must be given to whether it has a constitutional mandate to do so. In the present case, WNSM has been characterised as a program in furtherance of Wingardium’s socialistic, constitutional and environmental goals.58 Where, “socialistic” is defined as a state that advocates that the means of production, distribution, and exchange should be owned or regulated by the community as a whole.59

b) A purchase for “governmental purposes” is a purchase for a stated aim of the government.60 Therefore, the “aim” behind the purchase of electricity by the Wingardian Government must be looked into. The stated goals of the WNSM include:

- Achievement of 90% rural electrification through off grid solar power.
- Promotion of the use of clean solar energy across households and commercial enterprises in Wingardium through a FIT Scheme.61

A reading of 1(a) and 1(b) indicate that the purchase of electricity was for the purposes of providing rural electrification and promotion of clean energy in furtherance of Wingardium’s constitutional mandate.

2. PROCUREMENT NOT WITH A VIEW TO “COMMERCIAL RESALE” OR “USED IN THE PRODUCTION OF GOODS FOR COMMERCIAL SALE”.

The interpretation of the word "commercial" in US – Anti-Dumping and Countervailing Duties62 and the interpretation of the term "commercial considerations" by the panel in

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57 Ibid.
58 Factsheet, ¶ 5.
59 OXFORD DICTIONARY
61 Factsheet, ¶ 5.
Canada – Wheat Exports and Grain Imports, define “commercial resale” as a resale with the underlying intent to profit. This meaning is also consistent with academic commentary, stating that, in the context of Article III:8(a), a resale is commercial if the activity is carried out as a profit-making activity, and not where only a nominal fee is charged.

Additionally, there is no suggestion that the Government purchases electricity with an aim to resell for profit or to make any goods. Rather, it is done to help ensure a sufficient and reliable supply of electricity for Wingardium’s citizens, and promote the use of clean solar energy.

Consequently, the measures are not subject to the obligations of Article III of the GATT 1994 or the TRIMs Agreement.

3. True and genuine “connection” between FIT scheme and governmental purpose.

A degree of connection or relationship between the measure under appraisal and policy sought to be promoted is evidenced in the enabling document WG/SM/P-1. By incentivizing production of solar electricity, Wingardium is ensuring a stable and robust solar industry to help achieve its energy and environment goals.

4. Electricity generators are in “direct competition” with each other.

For the application of Article III:8(a), the products being discriminated against must be in a directly competitive relationship. FIT Scheme makes distinction between electricity generated within facilities that make use of solar cells and modules of Wingardian origin and those which make use of imported cells and modules. It is humbly contended that the electricity produced in either facility are in a directly competitive relationship.

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65 Factsheet, ¶ 5.
66 Ibid.

-Written Submissions on behalf of the Respondent-

Article XX of the GATT 1994 lists the policy grounds available to WTO Members wishing to deviate from their GATT obligations. In order to extend the protection of Article XX to a challenged measure, it must a) fall within the scope of one of the sub paragraphs of Article XX\(^{68}\), b) pass trade tests specific to the sub paragraph, and c) satisfy the chapeaux requirement of the introductory clause.\(^{69}\)

It is humbly contended that the challenged measures are provisionally justified under, 1) subparagraph (b) and, 2) subparagraph (g) of the GATT 1994.

1. PROTECTION OF HUMAN, ANIMAL AND PLANT LIFE AS A POLICY GROUND JUSTIFYING DEVIATION ARTICLE III OF THE GATT.

a) **Challenged measures fall within the scope policy ground.**

Article XX(b) allows for contracting parties to give priority to human health over trade liberalization.\(^{70}\) A number of policies aimed at reducing risks to human, animal and plant life and health arising hazardous environment have been held to fall within Article XX(b).\(^{71}\) Further, due consideration is given to the i) resolutions as adopted by international agreements, and ii) the views expressed by scientific experts.\(^{72}\)

In the present case, the DCR for solar projects and of the FIT Scheme are aimed at raising the standard of living of the citizens by reducing the dependence on fossil fuel energy in Wingardium.\(^{73}\) The dependence on which verifiably poses a risk to human, animal and plant life. This policy objective is also in conformity with the UNFCC\(^{74}\) resolution to promote the use of renewable energy. This is achieved by i) developing a stable and robust domestic solar industry and, ii) incentivizing the use of solar generated electricity.

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\(^{68}\) *US – Shrimp* Appellate Body Report, ¶¶ 119–120.


\(^{70}\) Ibid, at pp. 17-18.

\(^{71}\) *US – Shrimp* Appellate Body Report, *supra* note 1, ¶¶ 119-120.

\(^{72}\) *EC-Asbestos* Appellate Body Report, *supra* note 17, ¶ 178.

\(^{73}\) Factsheet, ¶ 5.

\(^{74}\) United Nations, Adoption of the Paris Agreement, FCCC/CP/2015/L.9, 12 December 2015.

-Written Submissions on behalf of the Respondent-
b) **Challenged measures are necessary within the meaning of Article XX(b).**

The Panel in *United States - Restrictions on Imports of Tuna* determined that Article XX(b) allows each contracting party to set its human, animal or plant life or health standards.\(^{75}\) Standard setting in itself involves multiple governmental considerations such as competitive restrictions.\(^ {76}\)

A measure is justified by Article XX(b) if it serves to achieve the policy objective and is “necessary” within this context.\(^ {77}\) This entails a determination of whether a WTO-consistent “alternative measure” is reasonably available and “contributes to the realization of the end pursued”.\(^ {78}\)

In the present case, the WNSM is a comprehensive policy that interlaces health and conservation of clean air and the objective of increase in reliance on solar energy. This narrows the margin of discretion in looking for alternative measures. Moreover, DCR measures can be used to achieve public policy as well as political economy objectives, such as reduction of fiscal deficits.\(^ {79}\) If policy makers are uncertain about the true cost of mitigating environment damage, quantitity based measures are preferred to price based measures.\(^ {80}\) Wingardian President’s letter dated 1\(^{st}\) July, 2015 evidences the success of the WNSM scheme. Therefore, the measures have been successful in mitigating the sought objective.

Additionally, in *Brazil – Tyres* dispute, the Panel weighed the three factors: human life and health, the impugned measures, and material contribution.\(^ {81}\) An assessment of these factors renders the DCR measures as necessary to increase reliance on solar generated electricity.


\(^{78}\) *Korea-Beef* Appellate Body Report, *supra* note 16, ¶¶163, 166.


-Written Submissions on behalf of the Respondent-
c) **Application of the “chapeaux”**.

If the discrimination is not arbitrary or unjustifiable, it may be authorized pursuant to the chapeau of Article XX. In *US – Shrimp*, the measure was held unjustifiable as it i) was too rigid, and ii) lacked good faith negotiations. It was accordingly held to be arbitrary in nature. It is humbly contended that the measures were i) flexible as evidenced by their removal vide Executive Order WG/SMEO/118, dated 2nd July, 2015, and ii) in good faith evidenced by the consultations participated in.

2. **CHALLENGED MEASURES EXEMPTED UNDER ARTICLE XX (G) BECAUSE THEY ARE UNDERTAKEN TO CONSERVE EXHAUSTIBLE NATURAL RESOURCES.**

a) **Challenged measures fall within policy ground.**

The Appellate Body in *US – Gasoline* found that clean air was an exhaustible natural resource. Accordingly, a policy to reduce the depletion of clean air was a policy within the meaning of Article XX(g). At present high fossil fuel usage has deteriorated the standard of living in the Wingardium and the prevalence of Air Particulate Matters in Wingardium’s capital is well beyond the prescribed limit established by WHO. It follows that the adopted measures aim at the conservation of clean air.

b) **Challenged measures pass specific trade tests.**

It is submitted that Article XX(g) prescribes a “related to” test. The term “related to” has been defined as a measure “primarily aimed at” the policy goal. Baseline establishment rules are regarded as “primarily aimed at” for the purposes of Article XX(g). Due consideration is to be given to whether there is an observably close and real relationship between the measure and the ends. Evaluation of the contribution made by the measure confirms whether the mean in justifiable. The objectives of the WNSM are “primarily aimed at” increasing reliance on solar generated electricity. Further, the Wingardian President’s

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82 Annexure V.
83 Factsheet, ¶18.
85 Factsheet, ¶1.
89 Factsheet, ¶ 5.

-Written Submissions on behalf of the Respondent-
letter dated 1st July, 2015 evidences the success of the WNSM scheme. Therefore, the measures are reasonably related to end objective.

Further, Article XX(g) requires the measures be made effective in conjunction with restrictions on domestic production or consumption. This is a requirement of “even handedness”. It is submitted that while there is no evidence of regulation of fossil fuel, the WNSM DCR measures applied to all solar electricity generators, regardless of nationality.

c) **Application of the “chapeaux”**.

The application of the chapeaux requires determining whether the discrimination was i) arbitrary or unjustifiable, and ii) operating as a disguised restriction on trade.

i) In *US – Shrimp*, the measure was held unjustifiable as it (a) was too rigid, and (b) lacked good faith negotiations. It was accordingly held to be arbitrary in nature. In the present case, (a) Wingardium entered into a co-operative arrangements with the government of Leviosa, (b) the investors were aware of the measures as part of the Wino-Leviosan Agreement, (c) DCR measures were lifted in good faith upon the request of Leviosan investors, (d) the stringent measure was not severe in comparison to the burgeoning fiscal deficit and rising unemployment, and (e) Leviosa engaged in consultation with Wingardium.

Therefore, the discrimination is justified.

ii) The considerations pertinent in deciding whether a measure amounts to “arbitrary or unjustifiable discrimination”, may also determine the presence of a “disguised restriction.”

It follows from the above that the DCR measures are not disguised restrictions on international trade.

E. **CHALLENGED MEASURES ARE NOT INCONSISTENT WITH ARTICLE 2.1 OF THE TRIMS AGREEMENT.**

The WNSM Programme does not trade-related investment measures inconsistent with the provisions of Article III of the GATT 1994, and is therefore not in violation of Article 2.1 of

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91 Factsheet, ¶ 7.
92 Factsheet, ¶ 12; Annexure IV: Annexure V.
93 Factsheet, 13.

-Written Submissions on behalf of the Respondent-
the Trade-Related Investment Measures Agreement. A breach of Article 2.1 of the TRIMs is found by establishing: (i) an investment measure related to trade in goods; and (ii) inconsistency of that measure with Article III the GATT 1994.

1. **MEASURES NOT INCONSISTENT WITH ARTICLE III OF THE GATT 1994.**

   It is humbly contended that the DCR measures imposed on solar project developers, and FIT Scheme coupled with DCR measures are not inconsistent with Article III of the GATT 1994 and therefore, do not amount to TRIMs.

2. **FIT SCHEME FALLS WITHIN THE SCOPE OF ARTICLE III:8(A) OF THE GATT 1994.**

   Alternatively, Article 3 of the TRIMs Agreement, states that "[a]ll exceptions under GATT 1994 shall apply, as appropriate, to the provisions of this Agreement." In this regard, a finding of inconsistency with Article III of the GATT 1994 or Article 2.2 of TRIMs requires determining whether the measure is outside the scope of Article III:8(a) of the GATT 1994. Accordingly, it is submitted that if the FIT Scheme is inconsistent with Article III of the GATT 1994 or Article 2.2 of the TRIMs Agreement, then it is saved by exception under Article III:8(a) of the GATT.

3. **DCR MEASURES ARE EXEMPTED UNDER ARTICLE XX OF THE GATT 1994.**

   Article 3 of the TRIMs prescribes that all exceptions under GATT 1994 shall apply to TRIMs inconsistent with the Agreement. Article XX operates to exempt measures from GATT obligations and consequently TRIMs.95 In the present matter, the challenged measures are justified by Article XX(b) and Article XX(G) of the GATT 1994. Therefore, to the extent of the application of DCR measures, Wingardium is exempted of its obligation under the TRIMs Agreement.

III. **THAT HEALTH DIRECTIVE 141/PP/CST IS CONSISTENT WITH INTERNATIONAL LAW.**

   The Department of Health of the Republic of Wingardium issued a directive mandating standardized packaging for all solar cell products in the interest of public health.96 It requires that the laminate contain only the necessary information, all trademarks, marks and texts be

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96 Annexure VIII, ¶ 6.
in the prescribed format as well as 90% of the package contain health warnings.\textsuperscript{97} The measure has been taken in light of studies that revealed allergies and possible skin cancer caused due to use of the products.\textsuperscript{98} The state’s actions are consistent with international law as the Directive is compatible with A) Article 20 of TRIPS, B) Article 2.2 of TBT, C) Article 16.1 of TRIPS and D) Article IX:4 of GATT 1994.

A. \textbf{THE MEASURE IS CONSISTENT WITH THE STATE’S OBLIGATIONS UNDER ARTICLE 20 OF THE TRIPS AGREEMENT.}

Article 20 provides that the use of a trademark in the course of trade may be encumbered by special requirements only to the extent justifiable.\textsuperscript{99} The plain packaging requirement imposed by the Directive does not constitute such an encumbrance as 1) it does not fall within the scope of Article, 2) in \textit{arguendo}, it is not in violation of Article 20, and 3) it is a justifiable encumbrance.

1. \textbf{PLAIN PACKAGING IS OUTSIDE THE SCOPE OF ARTICLE 20 OF THE TRIPS AGREEMENT.}

Article 20 prohibits the imposition of certain special encumbrances upon the use of trademarks. To encumber, in general parlance, means to hamper, impede, or burden.\textsuperscript{100} The examples in the Article, however, indicate a positive requirement, not merely a prohibition or restriction.\textsuperscript{101} The plain packaging measure intends to ban or completely prohibit the use of trademarks and is, therefore, not merely an encumbrance,\textsuperscript{102} thereby falling outside the scope of Article 20.

\textsuperscript{97} \textit{Ibid.}
\textsuperscript{98} Factsheet, ¶ 16; Annexure VIII, ¶ 1.
\textsuperscript{100} \textit{OXFORD DICTIONARY OF ENGLISH} 577 (3rd ed. 2010).
\textsuperscript{102} Memorandum from LALIVE to Philip Morris Int'l Mgmt. SA, Why Plain Packaging is in Violation of WTO Members' International Obligations under TRIPS and the Paris Convention (July 23, 2009), p. 10.

-\textit{Written Submissions on behalf of the Respondent}-
2. **In arguendo, it is not expressly in violation of Article 20 of the TRIPS Agreement.**

Even if the measure is considered a special encumbrance attracting the provisions of Article 20, it is not in violation of the Article as a) it is presumed consistent until proven otherwise, and b) it is not expressly prohibited under the Article.

a) *The measure is to be presumed consistent.*

Generally, the burden of proof is on the party who asserts the affirmative in a claim or defence. A law imposed by a Member will be treated as WTO-consistent until it is conclusively proven otherwise. Article 20 imposes an obligation upon Members not to unjustifiably encumber by special requirements the use of a trademark in the course of trade. It raises a presumption that actions undertaken by a Member would be justifiable encumbrances, if any. Therefore, the burden of proving that the measure is unjustifiable is upon the Member claiming the violation of Article 20.

b) *It is not expressly prohibited under the Article.*

As accepted by most writers, Article 20 provides three examples of special requirements, which are not necessarily unjustified. Any interpretation to the contrary would deprive the word ‘unjustifiably’ of any meaning. Such would be contrary to the principle of effectiveness recognized as applicable in WTO disputes. Therefore, the mere fact that the measure requires use of a trademark in a special form or in a manner detrimental to the capability of distinguishing products does not constitute violation of Article 20.

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106 TRIPS, Article 20.


-Written Submissions on behalf of the Respondent-
Therefore, the measure is not expressly prohibited by the Article and claims of violations must sufficiently prove that it is unjustifiable.

3. THE MEASURE IS A JUSTIFIABLE SPECIAL ENCUMBRANCE.

In order to be permissible within the scope of Article 20, a measure which imposes a special encumbrance must be justifiable. Public health as a reason for imposing the Directive is a valid justification as a) public health is a valid justification and b) plain packaging shall materially contribute to the objective.

a) Public health is a valid justification

Protection of human health is an eminent priority\footnote{EC-Asbestos Appellate Body Report, supra note 17.} and implementing policies for the same is a sovereign right\footnote{WTO Ministerial Conference, Declaration of Punta del Este, Adopted on Sept 20, 1986; VALENTINA VADI, PUBLIC HEALTH IN INTERNATIONAL INVESTMENT LAW AND ARBITRATION 50 (Routledge, 2012); S Ganguly, Investor-State Dispute Mechanism (ISDM) and a Sovereign’s Power to Protect Public Health, 38 COLUM. J. TRANSNAT’L L. 113 (1999).} of a state and takes primacy over trade objectives.\footnote{EPHA Position Paper: Striking the balance: Protecting Health, Protecting Investments, available at <http://epha.org/IMG/pdf/EPHA_Position_Paper_on_Investment_Protection_in_TTIP-3.pdf>.} TRIPS must, therefore, be interpreted subject to considerations of public health as provided under i) Articles 7 & 8 of TRIPS, and ii) Doha Declaration.

i) Articles 7 & 8 of the TRIPS Agreement.

Articles 7 and 8 are important tools for the interpretation of the goals and limitations of the provisions of TRIPS.\footnote{Panel Report, Canada – Patent Protection of Pharmaceutical Products, ¶¶ 7.26, 7.92,WT/DS114/R (April 7, 2000).} Article 7 states that the object of the Agreement and provides that rights granted under TRIPS must be interpreted in order to promote social welfare and establishes a balance of rights and obligations,\footnote{TRIPS, Article 7.} securing the right to public health.

Article 8 simultaneously lays down guiding principles in the interpretation of the treaty. As has been stated by the Panel in EC – Trademarks and Geographical Indications, the principle embodied in Article 8.1 is crucial in ensuring that Members are free to pursue legitimate

\footnotetext{109}{EC-Asbestos Appellate Body Report, supra note 17.}
\footnotetext{110}{WTO Ministerial Conference, Declaration of Punta del Este, Adopted on Sept 20, 1986; VALENTINA VADI, PUBLIC HEALTH IN INTERNATIONAL INVESTMENT LAW AND ARBITRATION 50 (Routledge, 2012); S Ganguly, Investor-State Dispute Mechanism (ISDM) and a Sovereign’s Power to Protect Public Health, 38 COLUM. J. TRANSNAT’L L. 113 (1999).}
\footnotetext{112}{Panel Report, Canada – Patent Protection of Pharmaceutical Products, ¶¶ 7.26, 7.92,WT/DS114/R (April 7, 2000).}
\footnotetext{113}{TRIPS, Article 7.}
public policy objectives.\textsuperscript{114} It provides that Members are permitted to adopt measures necessary to protect public health.\textsuperscript{115}

i) Doha Declaration

The Declaration on the TRIPS Agreement and Public Health was adopted in a Ministerial Conference and therefore, constitutes an authoritative interpretation of the Agreement.\textsuperscript{116} Additionally, it amounts to a subsequent agreement between parties regarding the interpretation of the treaty or the application of its provisions.\textsuperscript{117} The Declaration, under paragraph 4, states that the Agreement must be interpreted and implemented in a manner supportive of the Member’s right to protect public health.\textsuperscript{118} It also states that TRIPS must be read in light of the objectives and principles stated in the Agreement,\textsuperscript{119} as envisaged in Articles 7 & 8.

Therefore, measures or conditions imposed restricting the use of trademarks would be justifiable on account of public health under Art 20.\textsuperscript{120}

b) Plain packaging shall materially contribute to the objective.

In order to be justifiable, it is sufficient to prove that a measure shall materially contribute to the achievement of the stated objective.\textsuperscript{121} A mere indication, qualitative or quantitative, of the degree of that contribution is adequate and the actual effectiveness of a measure need not be established.\textsuperscript{122}

\textsuperscript{115} TRIPS, Article 8.
\textsuperscript{118} World Trade Organization, Ministerial Decision of 14 November 2001, WT/MIN(01)/DEC/1.41 I.L.M. 746 (2002), ¶ 4 [hereinafter Doha Declaration].
\textsuperscript{119} Doha Declaration, ¶ 5(a).
\textsuperscript{120} Andrew Mitchell, Face Off: Assessing WTO Challenges to Australia’s Scheme for Plain Tobacco Packaging, 22(3) PUBLIC LAW REVIEW (2011) [hereinafter Face Off].
\textsuperscript{121} Brazil — Retreaded Tyres Appellate Body Report, supra note 81, ¶ 150.
\textsuperscript{122} Ibid.
Justifiability under Article 20 is also not constrained by legitimate interests of trademark owners.\textsuperscript{123} Moreover, any measure which can be proved to be necessary shall be considered justifiable.\textsuperscript{124} Necessity has been discussed in the case of EC – Asbestos in context of Article XX of GATT to mean that no alternative measure, consistent with the Agreement, was available which could reasonably be employed.\textsuperscript{125} It must also be for a legitimate objective.\textsuperscript{126}

The Directive was issued with the objective of reducing brand recognition in order to protect public health, a legitimate objective.\textsuperscript{127} Due to the nature of the product, plain packaging of all Cells and Modules with absence of trademark and uniform packaging is a measure which could reasonably undertaken to inform the concerned market without any damage to the reputation of the manufacturers.

Therefore, plain packaging, adopted to implement the policy objective of protection of health of the public while balancing the rights of the manufacturers, is justifiable and thus does not violate Article 20.

\textbf{B. \textsc{The Health Directive Is in Consonance with Wingardium’s Obligation under Article 2.2 of the TBT Agreement.}}

The terms of Article 2.2 of the TBT Agreement provide that that Members shall not adopt any technical regulations which create unnecessary obstacles to international trade.\textsuperscript{128} It is submitted that the Directive is consistent with Wingardium’s obligations under Article 2.2 of TBT as the technical regulation 1) pursues a legitimate objective and 2) is not more trade-restrictive than necessary to fulfill that legitimate objective.

\textbf{1. The Health Directive Pursues a Legitimate Objective.}

It is submitted that the Health Directive mandates plain packaging of solar cells to protect human health. A legitimate objective refers to an aim or target that is lawful, justifiable, or

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\textsuperscript{123} Carvalho, supra note 107, at p 441.
\textsuperscript{124} Benn McGrady, supra 101.
\textsuperscript{126} US – Shrimp Appellate Body Report, supra note 1, ¶ 121.
\textsuperscript{127} Carvalho, supra note at 107, pp 424, 427.
\textsuperscript{128} TBT Agreement, Article 2.2.
\end{flushleft}
The objective of a measure can be determined by considering the text of the statute, legislative history, and other evidence regarding the structure and operation of the measure. Article 2.2 also explicitly provides for protection of human health or safety, *inter alia*, as a legitimate objective.

It is submitted that the preliminary study by the Department of Health of Wingardium shows that Crystalline Silicon solar cells cause allergies and in some cases, skin cancer to individuals in close contact with panels containing these cells. This is further corroborated by the study conducted by the Wingardian Health Initiative that Crystalline Silicon technology solar cells are a health hazard and should be avoided despite their ability to significantly reduce carbon emissions.

Therefore, the objective of the Health Directive is to protect the health of individuals from fatal allergies and skin cancer through reduction in usage of Crystalline Silicon technology products by introducing plain packaging of the solar cells. Thus, it pursues a legitimate objective.

2. **It is not more trade restrictive than necessary to fulfill the legitimate objective.**

The assessment of necessity of a measure under the Article is based on the test developed under Article XX of GATT 1994. It requires weighing and balancing of certain factors. It is submitted that the Health Directive is not more trade restrictive than necessary to fulfill the legitimate policy objective as 1) it makes a material contribution to the legitimate objective, 2) it is not unnecessarily trade restrictive, 3) grave consequences arise from non-fulfillment of the objective and 4) no possible alternatives are reasonably available.

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131 TBT Agreement, Article 2.2

132 Factsheet, ¶ 16.

133 Annexure VIII, ¶ 1.


a) **The measure makes a material contribution to the legitimate objective.**

It is submitted that the degree of achievement of a particular objective may be discerned from the ‘design, structure, and operation of the technical regulation, as well as from evidence relating to its application – to what degree, if at all, the challenged technical regulation, as written and applied, actually contributes to the achievement of the legitimate objective pursued by the Member’.\(^{136}\)

It is submitted that the main aim of initiating plain packaging is to reduce the brand recognition of Crystalline Silicon products, supported by the evidence from other countries.\(^{137}\) This will allow the public and manufacturers a better opportunity to select other viable sources, such as thin film technology.\(^{138}\) Thereby, the measure shall contribute in alleviating the health hazards related to it. Thus, the measure makes a material contribution in achieving the objective of protecting human health and safety.

b) **The measure is not unnecessarily trade restrictive.**

The term trade-restrictive refers to a measure having a limiting effect on trade.\(^{139} \) Measures that are trade-restrictive include those that impose any form of “limitation of imports, discriminate against imports or deny competitive opportunities to imports”.\(^{140}\)

It is submitted that the Appellate Body, in *US-Tuna II*, found that “some” trade-restrictiveness is allowed. Excessive restrictions than necessary to achieve the required degree of contribution on international trade are, however, prohibited.\(^{141}\)

It is submitted that plain packaging applies to both domestic and foreign products and thus does not discriminate against imports. Further, it does not seek to impose ‘any limitation on imports’ or ‘deny competitive opportunity to importers’ as the measure does not impose a complete ban on crystalline silicon cells. This is in sole consideration of the fact that a


\(^{137}\) Annexure VIII, ¶ 4.

\(^{138}\) *Ibid*.


\(^{140}\) *US-Tuna* Appellate Body Report, *supra* note 130.


*Written Submissions on behalf of the Respondent*
complete ban will result in significant losses to both foreign investors and domestic industry, who utilize the technology for production of Solar PV modules.\textsuperscript{142}

c) \textit{Grave consequences arise from non-fulfillment of the objective.}

The term “risk of non-fulfillment”, under Article 2.2, requires consideration of the likelihood and the gravity of potential risks.\textsuperscript{143} The determination requires taking into account the risks that would result from non-fulfillment of the stated objective. Further, relevant elements of consideration for the assessment of such risk are, inter alia: available scientific and technical information, related processing technology or intended end-uses of products.\textsuperscript{144}

It is submitted that in the instant case relevant considerations are, \textit{inter alia}, the preliminary study by the Department of Health of Wingardium which reveals that Crystalline Silicon solar cells are cause allergies and in some cases result in skin cancer,\textsuperscript{145} and the study conducted by Wingardian Health Initiative, which concluded that Crystalline Silicon Technology Solar Cells are a health hazard and should be avoided.\textsuperscript{146}

The objective of the Health Directive in mandating plain packaging of solar cells and modules is the protection of human health. Since the technology is harmful to persons coming in contact with the noxious highly pressurized gases deposited in the process,\textsuperscript{147} the objective can be sufficiently achieved by reduction in the usage of the technology. In the instant case, the gravity of the potential risk is high as non-fulfillment of the objective leads to risks of fatal allergies and skin cancer and hamper the protection of human health. Thus, it can be concluded that if the objective is not achieved, grave consequences shall arise.

d) \textit{No less-trade restrictive alternatives are reasonably available.}

A measure is not considered necessary if there are less trade restrictive alternatives reasonably available.\textsuperscript{148} The alternatives should be capable of making an equivalent contribution to the objective and should be reasonable available.\textsuperscript{149}

\textsuperscript{142} Annexure VIII, ¶ 4.
\textsuperscript{143} US-Tuna Appellate Body Report, \textit{supra} note 130, ¶¶ 7.466–7.467.
\textsuperscript{144} TBT Agreement, Article 2.2
\textsuperscript{145} Factsheet, ¶ 16.
\textsuperscript{146} Annexure VIII, ¶ 1.
\textsuperscript{147} Annexure VIII, ¶ 2; Fact Sheet, ¶ 16.
\textsuperscript{148} US-Tuna Appellate Body Report, \textit{supra} note 130, ¶ 304.
\textsuperscript{149} US — Tuna II (Mexico) Appellate Body Report, \textit{supra} note 141, ¶ 322.
It is submitted that the Health Directive adopted the least trade restrictive measure by mandating plain packaging of solar cells and modules. In the present case, instead of banning the import of Crystalline Silicon Technology products altogether, the government chose the less-restrictive way by adopting plain packaging.\(^{150}\)

Therefore, it is submitted that no other reasonably available less trade-restrictive alternative will be able to achieve the objective at the same level.

Moreover, scholarly opinion suggests that when the measure seeks to achieve a highly valued interest such as protection of human life, presumption is in favor of this measure.\(^{151}\) If there is speculation whether the suggested alternative would be able to achieve the objective as efficaciously, the challenged measure is upheld.\(^{152}\) This is because for an objective as important as protection of health, the cost of erroneous decisions could be very high.

C. **The Directive is consistent with Article 16.1 of the TRIPS Agreement.**

Article 16 confers on the owner of a registered trademark a minimum level of exclusive rights which are to be guaranteed by all WTO Members in their domestic legislation.\(^{153}\) It protects the owner against infringement by unauthorized third parties with similar or identical trademarks in course of trade.\(^{154}\) The claim that the Directive violates this provision is unsustainable as 1) there exists no “right to use” a trademark, and 2) the provision does not preserve the right of Member countries to grant a right to use.

1. **There exists no right to use a trademark under international law.**

It is a settled position of law that trademark rights are primarily negative rights as granted under Article 16.1.\(^{155}\) They are a right to exclude, rather than a right to use.\(^{156}\) Member nations had, in fact, rejected a proposal to include a positive right to use a trademark within

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150 Annexure VIII, ¶ 4.
153 TRIPS, Article 16.1.
154 CARVALHO, *supra* note 107, at 343; *EC – Trademarks and Geographical Indications (Australia)* Panel Report *supra* note 114.
155 CARVALHO, *supra* note 107, at 343.
the Agreement. Additionally, in interpreting a treaty, the most obvious interpretation is always the one intended unless it leads to absurdity. Since the Article only specifies the right of the owner to prevent other unauthorized uses, this cannot be extended to a right to use the trademark itself.

Moreover, there can be no implication of a right to use under Article 16.1 specifically. Gervais contends that there is an implied right to use in trademark law in consonance with the spirit of the Paris Convention. The respondent believes that even if such a right did exist, it would not source from Article 16.1, but from other Articles of the Agreement and the Paris Convention.

2. **WINGARDIAN ACT DOES NOT FALL WITHIN THE SCOPE OF ARTICLE 16.1 OF THE TRIPS AGREEMENT.**

Article 16.1 grants the exclusive rights upon registered owners of trademarks, implying generally that rights emanate from the factum of registration. The last sentence of the Article, however, recognizes that Members may make certain rights available “on the basis of use” of the trademark. In *US - Section 211 Appropriations Act*, the statement has been interpreted to permit Members to grant the exclusive rights on the basis of registration or use within their respective jurisdictions. Therefore, the Article only protects the “exclusive rights” contemplated under Article 16.1 but granted in a different manner by national legislations. It does not permit the expansion of the scope and nature of rights under the Article itself. Thus, although the Wingardium Trademarks Act protects the right to use, it is not protected under Article 16. Any violation of the provision of the domestic laws, unless inconsistent with WTO law, should be claimed under the national judicial system of the country and cannot be protected at this forum.

Therefore, the measure is not inconsistent with the provisions of Article 16.1.

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158 Ibid, at 7.
159 Gervais, *supra* note 107 , at pp. 59, 66.
160 TRIPS, Article 16.1.
161 Ibid.
163 Winghardium Trademark Act, § 28.
D. **The measure is consistent with the obligations imposed by Article IX:4 of GATT 1994.**

Article IX:4 of GATT provides that laws and regulations of a Member country concerning marks of origin of imported products shall not materially reduce value or unreasonably increase costs of the products.\(^{165}\) The Directive is in conformity with the provision as 1) it falls beyond the scope of the Article and 2) in *arguendo*, it does not materially reduce value and unreasonably increase cost of the products.

1. **The measure falls beyond the scope of the article.**

Article IX of GATT deals with marks of origin and refers to the regulation of marking of imported products.\(^{166}\) A mark of origin is a permanent sign on a product that identifies its geographical origin,\(^{167}\) its primary purpose being the protection of consumers against fraudulent or misleading indications.\(^{168}\) These marks indicate the national origin of a country specifically,\(^{169}\) and do not concern with trademarks in general. Moreover, the provision does not forbid the adoption of laws or regulations by the Member country, rather merely imposes a limit on such regulations.\(^{170}\)

The Technical Requirements provided for a “country of origin” marking on the products,\(^{171}\) which went unchallenged by the Claimants. Moreover, the Directive permitted the marking requirement as required under the Technical Regulations and did not impose any new restrictions.\(^{172}\) Restrictions were placed on trademarks and therefore, the directive is beyond the scope of Article IX.

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171 Annexure-1, ¶ (d)(iv).
172 Annexure VIII, ¶ 6 (i)-(iii).

-Written Submissions on behalf of the Respondent-
2. ALTERNATIVELY, IT DOES NOT MATERIALLY REDUCE VALUE AND UNREASONABLY INCREASE COST.

Even if the Directive was considered to be falling within the scope of Article IX, it is not inconsistent with Article IX:4 as the measure a) does not materially reduce the value of the product and b) does not unreasonably increase its cost.

a) *It does not materially reduce the value of the products.*

Article IX, as interpreted by the Panel, imposes an MFN requirement upon the Members. The Members are therefore, not required to accord the products national treatment in order to maintain their value. The Directive merely requires the marking on the product to conform to certain prescribed and acceptable regulations. This requirement has been imposed on all products of all origins without any differentiation, including goods from Leviosa, Redendo and Wingardium. Therefore, there is no violation of a National Treatment or MFN clause.

Since, all the products are brought at par, there is no reduction in the value of the product. The origin country of the product shall still be present on the product along with other information. Therefore, the measure does not materially reduce the value of the goods.

b) *It does not unreasonably increase the cost of production.*

The cost of the packaging of the products has not been increased due to the Directive. In fact, maintaining uniformity shall prove to be more cost-efficient for the manufacturers as lesser resources shall be utilized in the designing and marketing of the products to enable differentiation. Therefore, the directive does not unreasonably increase the cost of production of the products. The measure is, thus, not violative of Article IX:4 of GATT. Therefore, the Health Directive is consistent with international law.

174 Annexure VIII, ¶¶ 6 (i)-(iii).
Wherefore for the foregoing reasons, the Republic of Wingardium respectfully requests the Panel to adjudge and declare that:

1. Leviosa’s exercise of procedural rights under the Dispute Settlement Understanding lacks good faith and the Panel declines to exercise jurisdiction;

2. The Domestic Content Requirements are in conformity with WTO Agreements and consistent with –
   a. Articles 3.1(b) and 3.2 of the SCM Agreement since coupled with the FIT Scheme it cannot be classified as a subsidy;
   b. Article III of the GATT 1944 since it maintains an equality of competitive conditions between like products;
   c. Article 2.1 of the TRIMS Agreement since it is not inconsistent with Article III of the GATT 1994; and

3. The Health Directive mandating plain packaging is in conformity with the WTO Agreements as it is consistent with –
   a. Article 20 of the TRIPS Agreement since it does not unjustifiably encumber the use of trademarks;
   b. Article 2.2 of the TBT Agreement since it does not qualify as a technical barrier to trade;
   c. Article 16.1 of the TRIPS Agreement since the provision does not incorporate a right to use;
   d. Article IX:4 of the GATT 1994 since it does not impose requirements of marking that materially reduce the value and/or unreasonably increase the costs of the products.

   All of which is most respectfully submitted.

COUNSEL FOR THE REPUBLIC OF WINGARDIUM
(Respondent)

-Written Submissions on behalf of the Respondent-