

## Plain Packaging Questionnaire

### Introduction

- 1) In view of the Australian plain packaging legislation and similar legislative initiatives in a number of other jurisdictions, and following the workshop “Plain Packaging – a slippery slope?” held in Seoul during the 2012 AIPPI Congress, AIPPI intends to study the legal basis for adopting plain packaging. At the present time, the issue arises in relation to tobacco products. However, there has also been public debate concerning similar packaging restrictions for other legal consumer products, such as foods deemed to be unhealthy and alcohol. In particular, AIPPI seeks to study the legal basis for restricting the use of trademarks in relation to particular classes of products, in light of public interest considerations.
  
- 2) In the context of tobacco products, the term “plain packaging” (sometimes referred to as “standardised packaging”) refers in general to:
  - prescribed shape, size and colour of packaging;
  - prohibition on all branding or promotional elements (such as trademarks, logos and product claims and other visual design elements); and
  - prescribed display of the brand name, including as to typeface, font size, colour and position.Prescribed health warnings and other regulatory requirements are still required to appear on packaging.

### Previous work of AIPPI and other selected sources

Please refer to the following AIPPI documents:

- PUBLIC CONSULTATION ON THE POSSIBLE REVISION OF THE TOBACCO PRODUCTS DIRECTIVE 2001/37/EC by AIPPI dated December 17, 2010 (see <https://www.aippi.org/download/committees/212/Report212AIPPI+submission+Tobacco+Products+Directive+2001-37+EC+Decemeber+17++2010English.pdf>).
- Seoul Congress 2012: Workshop VI, Plain packaging – a slippery slope? [https://www.aippi.org/download/seoul12/WS/Description\\_WS\\_VI.pdf](https://www.aippi.org/download/seoul12/WS/Description_WS_VI.pdf) ; see also <https://www.aippi.org/?sel=meetings&cf=seoul2012&view1=Workshops with slides of presentations by Tania Voon, Carla Michelotti and Young Joo Song>).

Other sources:

- **Australia:** Tobacco Plain Packaging Act 2011 see: [http://www.austlii.edu.au/au/legis/cth/num\\_act/tpa2011180/](http://www.austlii.edu.au/au/legis/cth/num_act/tpa2011180/), Tobacco Plain Packaging Regulations 2011 see: [http://www.austlii.edu.au/au/legis/cth/num\\_reg/tppr2011n263o2011372/](http://www.austlii.edu.au/au/legis/cth/num_reg/tppr2011n263o2011372/) , Trade Marks Amendment (Tobacco Plain Packaging) Act 2011 see: <http://www.austlii.edu.au/cgi->

[bin/sinodisp/au/legis/cth/num\\_act/tmappa2011360/s1.html?stem=0&synonyms=0&query=Trade%20Marks%20Amendment%20\(tobacco%20plain%20packaging\)%20act%202011](http://bin/sinodisp/au/legis/cth/num_act/tmappa2011360/s1.html?stem=0&synonyms=0&query=Trade%20Marks%20Amendment%20(tobacco%20plain%20packaging)%20act%202011)

- The **WHO** Framework Convention on Tobacco Control (WHO FCTC) adopted by 172 States or Organisations such as UE (2003) ( see in particular Articles 11 and 13) see: <http://www.who.int/fctc/en/>
- Proposal for a DIRECTIVE OF THE **EUROPEAN** PARLIAMENT AND OF THE COUNCIL on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products, dated December 19, 2012 see [http://ec.europa.eu/health/tobacco/docs/com\\_2012\\_788\\_en.pdf](http://ec.europa.eu/health/tobacco/docs/com_2012_788_en.pdf)

## Discussion

- 1) This questionnaire considers the conflict between rights deriving from trademark registration and/or use, and government regulation said to be in the public interest. An example is found in section 28 of the Australian Tobacco Plain Packaging Act 2011, entitled the "Effect on the Trade Marks Act 1995 on non-use of trade mark as a result of this Act". It is evident that the Australian legislature had to take a number of measures to attempt to reconcile domestic trademark rights with the prohibitions on trademark use in its plain packaging regime.
- 2) AIPPI acknowledges that there is a public interest in promoting public health measures. This questionnaire considers legal frameworks in national systems that limit or prohibit trademark use in particular product classes based on stated public interest considerations, and what rights affected trademark rights holders may have in those circumstances.
- 3) TRIPS Articles 15 to 21 relate to trademarks. Article 15 provides that signs capable of distinguishing goods or services of one undertaking from those of another undertaking shall be capable of constituting a trademark. When a sign is not inherently capable of distinguishing the relevant goods or services, registrability may be dependant on distinctiveness acquired through use. Importantly, Article 15(4) provides that the nature of goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
- 4) Article 16 describes the rights conferred by trademark registration, and in particular the circumstances in which the owner of a registered trademark may prevent third parties from using the same or similar mark for goods or services the same or similar to the goods or services in respect of which the trademark is registered. Article 17 permits "limited exceptions" to the rights conferred by a trademark provided that the legitimate interests of the owner and third parties are taken into account. Article 18 provides that a trademark may be renewed indefinitely.
- 5) Articles 20 and 21 prohibit certain restrictions on trademark rights. Article 20 provides that the use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements. Examples of "special requirements" include use in a special form or use in a manner detrimental to its capability to distinguish the relevant goods or services. Article 21 expressly prohibits compulsory licensing of trade marks.

- 6) It is apparent from the TRIPS provisions relating to trademarks that use is a central concept. Article 15 recognises that in order to be capable of distinguishing goods or services a trademark must be used. The rights conferred under Article 16 recognise the negative effects on trademark owners' rights where the same or a similar sign is used in the course of trade by a third party. The prohibition on unjustifiable encumbrances in Article 20 is premised on use.
- 7) It is a curious feature of the Australian Tobacco Plain Packaging Act 2011 that trademark applications may be made and trademark registrations may be retained notwithstanding that most registered trademarks in respect of tobacco products may not be used for their intended purposes, that is on packaging for tobacco products or on tobacco products themselves. Notwithstanding this prohibition, an applicant for a relevant trademark is taken to intend to use the trademark in Australia for tobacco products, and failure to use a relevant trademark will not found an action for removal for non-use.
- 8) By contrast to Article 21, TRIPS expressly permits compulsory licensing in relation to patents. Article 30 (in relation to patents) corresponds to Article 17 (in relation to trademarks) in permitting "limited exceptions" to patent rights, taking into account the legitimate interests of the patent holder and third parties. However, Article 31 expressly contemplates use of the subject matter of a patent without authorisation of the patent holder, including use by governments or their authorised third parties. Thus, it appears that public interest considerations are relevant to whether the rights of a patent owner may be diminished. However, it is important to note that in those circumstances the patent holder is not denied the ability to continue to exploit their patent rights. Further, the patent holder must be paid "adequate remuneration" which takes into account the economic value of the government authorised use (Article 31(g)).
- 9) Unlike in relation to patents, TRIPS does not expressly mandate any limitation on registered trademark rights based on public interest considerations. Article 17 gives an example of a "limited exception" to trademark rights, being fair use of descriptive terms. This suggests Article 17 contemplates exceptions that relate to the balancing of interests between private parties. Similarly, the Paris Convention (which is expressly incorporated by reference in TRIPS), does not provide for restrictions on the use of trademarks that have been rightfully registered based on public interest considerations.
- 10) Thus, the questions below explore the relationship between restrictions based on stated public interest considerations and limitations on the use of trademarks, and the rights of affected trademark rights holders.

## Questions

Please answer the following questions. For each of questions 1) – 10) below, please answer in relation to your country's national laws including any constitutional law.

This report of the Dutch national group has been prepared by Charles Gielen, Huib Berendschot, Roderick Chalmers Hoyneck van Papendrecht, Manon Rieger-Jansen and Wouter Pors.

- 1) If the general conditions of registrability are met, does the product or service in relation to which a trade mark is used or proposed to be used have any affect on the ability to:
  - (a) register the trademark; and  
No, requirements for registrability only relate to the trademark itself, not to the products for which it is applied.
  - (b) use it once so registered?  
Yes, it may, though not on the basis of trademark law. For instance, advertising for tobacco products is restricted in the Netherlands under the Tobacco Act and as a consequence the use of trademarks in such advertisements is too.
  
- 2) What rights are derived from trademark registration?  
Traditionally the right to stop infringing use of identical and confusingly similar signs, as well as the right to transfer or license the trademark right. However, the European Court of Human Rights has held in *Anheuser-Busch v Portugal* (2007) 45 EHRR 36, para. 72 and 78 that a trademark application – and thus also a trademark registration – enjoys the protection of the fundamental right of property. In recent rulings, the Court of Justice of the European Union has accepted that trademark law in the EU aims not only to protect the essential function of trademarks, which is to guarantee to consumers the origin of the goods or services, but also the other functions of trademarks, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising (judgment of 18 June 2009, case C-487/07, *L'Oréal/Bellure*, para. 58). Although traditionally the general opinion held that a trademark registration only conferred the right to block others from use, there is a growing consensus that registration also grants the right to use the trademark as a property right, subject to limitations that may be provided by law (if justified), which right is also protected by international law.
  
- 3) What rights exist in relation to a sign used as a trademark but not registered? What is the basis of any such right?  
In the Netherlands (and the Benelux as a whole), in principle no trademark rights can exist without registration. This is provided in article 2.2 and 2.19 of the Benelux Convention on Intellectual Property, with the exception of well-known trademarks as

meant in article 6bis Paris Convention

4) Is it possible to:

- (a) obtain; or
- (b) maintain;

registration for a trademark that is not:

- (i) used; or
- (ii) intended to be used?

Yes, it is. There is no requirement to show use or intent to use when registering a trademark. However, under article 2.26 Benelux Convention on Intellectual Property the rights to a trademark lapse if it is not used in a normal way in the course of trade within 5 years from registration or for a subsequent period of 5 years. The same applies to Community Trademarks under article 51 CTM Regulation.

5) If yes to 4) above, are the rights derived from such trademark registration the same or different to registered trademarks that are used?

These rights are the same. However, obviously the value of a trademark that has actually been used will normally be higher. A later restriction on use interferes with this value and therefore with inter alia the investment function of a trademark. To give an example, the trademark IKEA was sold to a Dutch holding company in 2012 for € 9 billion, as reported in the media. A restriction on the right to use that trademark would therefore have a significant impact, even though dogmatically the legal status of the trademark registration as such would not change. However, it will of course influence the amount of damages that may be claimed in case of a restriction (see inter alia question 15c below).

6) Are rights in unregistered trademarks dependent on use? Whether yes or no, please explain the basis for your answer.

Yes, on the basis of article 6bis Paris Convention. However, protection in the Netherlands under this provision is not dependent on use in the Netherlands; a trademark may be well known and enjoy protection in the Netherlands due to use abroad.

7) Is there any basis to restrict the use of:

- (a) a registered trademark; or
- (b) a sign used as a trademark?

If yes, please explain any relevant laws or precedents.

Yes. For instance, under article 4 Tobacco Act any advertising for tobacco products is illegal and thus also the use of trademarks for tobacco advertising is illegal. However, there currently is no restriction to use trademarks on tobacco products or the packaging of tobacco products.

The use of a trademark can constitute a tort under article 6:162 Dutch Civil Code, even if the facts would not constitute a cause for cancellation of the registration. For instance, a company that has older rights to a tradename that is confusingly similar to the trademark could claim an injunction.

- 8) Is there any basis for the state or any state-controlled body to expropriate?
- (a) a registered trademark;
  - (b) a sign used as a trademark; or
  - (c) the rights deriving from either (a) or (b)?

If yes, please explain any relevant laws or precedents.

No, not a such. However, under the Dutch Criminal Code any property that has been acquired as a result of criminal activities can be expropriated by way of sanction imposed by criminal court, but that seems to be outside the scope of this survey.

- 9) If yes to 7) or 8) above, do public interest considerations provide any basis for such restriction or expropriation ("Restriction/Expropriation")? If yes, please explain any applicable public interest considerations, and any relevant laws or precedents.
- 7) In the case of restrictions on advertising for tobacco products, this is based on the public health interest.
- 8) In the case of expropriation under criminal law, this is based on the interest of retaliation and prevention.
- 10) If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard?
- No.
- It may be useful to note that actually patents and design rights with regard to tobacco products and their packaging are also affected by the proposed Tobacco Products Directive. Some of the answers to this questionnaire are also relevant for those rights, such as with regard to the protection of property rights as a fundamental right.
- 11) If yes to 7) or 8) above, are any treaty or other international obligations relied on to provide a basis for such Restriction/Expropriation (as applicable)? If yes, please explain the international obligations, and how those obligations are reflected in or received into your country's law.
- 7) This can be based on article 2 (right to life) and 8 (right to private and family life) of the European Convention of Human Rights, as confirmed in a decision of the European Commission of Human Rights of 16-4-1998, No 32165/96, *Wöckel vs Germany*.
- 8) No
- 12) Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? If yes, has your country ratified the FCTC?
- Yes, signed on 16 June 2003, ratified on 27 January 2005, entered into force in the Netherlands on 27 April 2005.
- 13) If yes to 12) above, has the FCTC been implemented in your country? If yes, please explain its legal impact, if any, including by reference to the Guidelines for Implementation of Articles 11 and 13 of the FCTC.

The Minister of Foreign Affairs has sent a letter to Parliament on 21 May 2003 (Document 2004-2005, 29 927, 1/A) in which he stated that the Dutch legislation and more specifically the Tobacco Act was already in compliance with the FCTC obligations, meaning that the FCTC required no further implementation in the Netherlands.

- 14) Is the FCTC received directly into your country's domestic law or is domestic legislation required to give it effect in your country's law?

In as far as the FCTC contains provisions that are sufficiently clear and aimed at having direct effect, it is received directly into Dutch domestic law on the basis of article 94 of the Dutch Constitution. However, the issue may be mute if the Dutch Tobacco Act indeed already provided for the obligations as foreseen in the FCTC.

- 15) If there is presently a legal basis in your country for permitting any Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).

- (a) What are the parameters for such Restriction/Expropriation? For example, the nature of any stated public interest considerations, the proportionality of the proposed measure to the Restriction/Expropriation.

The criteria and the proportionality requirement are basically provided by article 1 of the First Protocol on the European Convention on Human Rights, which has direct effect within the Netherlands on the basis of article 94 of the Dutch Constitution and which can be invoked in the Dutch Courts against Acts of Parliament.

- (b) Is it relevant that such Restriction/Expropriation only applies in relation to a particular class of products, eg tobacco products, foods deemed to be unhealthy or alcohol?

That might be the case if such particular application would constitute discrimination, which would be the case if there were no objective grounds for such choice. However, the public health interest may provide such an objective ground. Whether this requires (scientific) proof of an actual public health effect has not yet been decided in case law and may be of particular interest for plain packaging measures.

- (c) What are the financial consequences for the state and the trademark rights holder respectively? For example, is a rights holder entitled to or eligible for any compensation in respect of the Restriction/Expropriation? If yes, what type of rights holders are so entitled or eligible? If not, why is no compensation available?

A trademark holder should be entitled to compensation on the basis of article 1 of the First Protocol on the European Convention on Human Rights.

- (d) If compensation is available, how is it calculated?

There are no precedents for this. However, trademarks may represent considerable

value and a limitation on the use of trademarks may also have a considerable effect on the turnover of the companies affected.

- (e) Does a trademark rights holder affected by Restriction/Expropriation have any other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.

Yes, he may bring an action against the State in the national courts on the basis of international instruments, such as the First Protocol on the European Convention on Human Rights and maybe Article 17 of the EU Charter of Fundamental Rights, the Paris Convention (in case of a well-known trademark) and the TRIPs Agreement, to declare the implementation of these measures illegal and obtain an injunction against their application.

In addition, he may file an action against the Netherlands (and against the European Union) before the WTO panels for infringement of the TRIPs Agreement and the Technical Barriers to Trade Agreement.

- (f) In the event of Restriction/Expropriation, could a trademark remain registered?

Yes in case of a restriction, although it may lapse if it has not been used for 5 consecutive years. Such a restriction also amounts to an expropriation under article 1 of the First Protocol on the European Convention on Human Rights.

A trademark registration may remain valid if there is a valid reason for the lack of use of the trademark. This may be the case here. Of course, the fact that the trademark cannot be used is still a very serious restriction.

- (g) If yes, what is the consequence of any Restriction/Expropriation on a well known trademark that was registered prior to the Restriction/Expropriation?

Its use may be restricted, with all the consequences described above, which for all practical (and legal) purposes may amount to an expropriation.

- 16) If there is presently no legal framework in your country permitting Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).

- (a) What legislative changes would be necessary in your country to implement a plain packaging regime for a specific class or classes of products such as those previously mentioned? For example, amendments to existing domestic trademark legislation, changes to your country's constitution, multilateral or supranational treaty obligations.

This would require a change to either the Benelux Convention on Intellectual Property, or the Tobacco Act, or enacting another specific Act of Parliament. However, in our view all of this would not be legally possible, as it would constitute a violation of international law, such as First Protocol on the European Convention on Human Rights.

- (b) Could a plain packaging regime be implemented in your country without providing compensation to affected trademark rights holders? If no, what type of rights holders would be entitled to or eligible for compensation? If yes, why would no compensation be payable?

No, in our view article 1 of the First Protocol on the European Convention on Human Rights would block that.

- (c) Would a trademark rights holder affected by Restriction/Expropriation have any other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.

Yes, as explained above.