

Plain Packaging Questionnaire - Answer Argentina

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 ; 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/, Tobacco Plain Packaging Regulations 2011 see: 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://www.austlii.edu.au/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

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.

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; **NO**
- (b) use it once so registered? **NO, though any law could establish restrictions**

2) What rights are derived from trademark registration?

A registered mark is considered a right of property. It grants its owner the right to its exclusive use, to assign it, license it, give it as a security, etc.

3) What rights exist in relation to a sign used as a trademark but not registered? What is the basis of any such right?

The courts have granted a used, but not registered mark, the right to oppose the registration of a latter similar one, ask for its cancellation and cease in its use. All these based in that acts performed in bad faith cannot have the protection of the law and are thus null (arts. 953 Civil Code). Also the courts have granted the owner of such marks the temporary injunctions foreseen in art. 50 of the TRIPs, based in that a used mark (marca de hecho) is an intellectual property right protected by the TRIPs

4) Is it possible to:

- (a) obtain; **YES**
- (b) maintain; **Use required to renew and defend against possible cancellation actions.**

registration for a trademark that is not:

- (i) used; and (ii) intended to be used? **Yes, though after 5 years of granting date, anyone may ask for the cancellation of a mark that has not been used within 5 years prior to the day in which the cancellation action is filed.**

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

If the mark is not used and till it is cancelled for non use, the rights are the same as if the mark is used. There is a slight difference when it comes to defensive marks, accepted by the Argentine law. A mark in any class will not be cancelled for non use if it has been used for any other product or service, even in a different class. These defensive marks are presumed never to be used when there is no relation between coverage and the activity of its owner and are considered weaker, meaning that a greater degree of

similarity will be accepted with latter marks.

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

Yes, if there is no registration (nor application) nor use there is nothing. It is the use of the mark that originates the mark and the clientele that is considered that belongs to the used mark and deserves protection.

- 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.

There is no basis in the trademark law. Law 26.687 about advertising of tobacco products establishes though restrictions with respect to the use of marks in tobacco products. Such law does not differentiate between used or registered marks. This law obliges that all packaging of "products made with tobacco", shall have an image and a sanitary message that describe the harmful effects of tobacco consume. The message must be written in a black rectangle on white background, with black letters and shall occupy 50% of the inferior part of one of the principal faces of the package. The image shall occupy the same surface on the other side. Expressions such as "Light", "Suave", "Milds", "low content of nicotine and tar", and other similar cannot be used.

- 8) Is there any basis for the state or any state-controlled body to expropriate?
Expropriation can be made after a declaration of public utility made by Congress and due payment to the property owner, prior to the expropriation
- (a) a registered trademark; **Should there be a cause of public utility, such expropriation is possible**
 - (b) a sign used as a trademark; **There is no property to expropriate without registration**
 - (c) the rights deriving from either (a) or (b)? **It is not possible to expropriate partially the trademark registration**

If yes, please explain any relevant laws or precedents.

- 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.
Such consideration will depend on what Congress decides. It is difficult to foresee an expropriation with trademarks covering tobacco products. After all most of the marks continue to be used (with the 50% mentioned restriction)
- 10) If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard?
All property should be treated equally when it comes to expropriation: declaration of public utility and previous payment
- 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.
The law does not mention any treaty in order to base the restrictions
- 12) Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? If yes, has your country ratified the FCTC?
Argentina has not ratified the FCTC, so it is not applicable in Argentina. This does not mean that any law as the above mentioned cannot be issued by Congress.
- 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.
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- 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?

Any treaty, after being signed, must be approved by Congress in order to be legally applicable. Thus a law is needed to approve it.

- 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).

Yes there is and it is Law 26.687 above mentioned

(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 objectives mentioned in the law are the following: reduce the consumption of tobacco products, reduce to the minimum level, the exposition of people to the negative effects of the smoke produced by products manufactured with tobacco, reduce the sanitary, social and environmental damage caused by tobacco products, prevent the children and young persons from starting the use of tobacco products, educate the present and future generations about the consequences arising from tobacco and the smoke of products manufactured with tobacco.

(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? No, it is not relevant. Similar restrictions could be imposed in the future to other products.

- (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? **As said, the expropriation should be preceded by adequate payment. We do not see any possibility for a compensation because of the restrictions imposed in Argentina**
- (d) If compensation is available, how is it calculated? **See c) above**
- (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. **We do not see any other remedy**
- (f) In the event of Restriction/Expropriation, could a trademark remain registered? **Unless the mark cannot be used for any products, the mark may still be registered.**
- (g) If yes, what is the consequence of any Restriction/Expropriation on a well known trademark that was registered prior to the Restriction/Expropriation? **See f) above**
- 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). **Not applicable**
- (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.
- (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?
- (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.