

**Group: Brazil**

**Date: August 13, 2013**

## **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](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/tppa2011180/](http://www.austlii.edu.au/au/legis/cth/num_act/tppa2011180/), 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://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)
- 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.

- 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
  - (b) use it once so registered?

The Brazilian Industrial Property Law (Law No. 9.279 of 1996 – BIPL) provides the conditions for a trademark registration. Brazil adopts the system *first to file*, which means that only with the trademark registration before the Brazilian Patent and Trademark Office (BPTO) it is possible to claim the exclusivity of a trademark.

- 2) What rights are derived from trademark registration?

The rights derived from trademark registration are, according to Articles 124, XIX and 129 of BIPL: (i) property of the mark; (ii) exclusive use throughout the national territory for the products/services claimed; (iii) possibility to refrain third parties from using similar/identical trademarks in the same or related classes to identify identical, similar or akin products/services.

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

Trademark holder has preferential right to obtain the registration if its trademark has been used in good faith without registration for at least 6 (six) months in the Brazil, according to Article 129, paragraph 1 of BIPL.

- 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?

It is possible to obtain registration for a trademark that is not used nor intended to be used. However, according to Article 143 of BIPL, registered trademarks are subject to a forfeiture proceeding, requested by BPTO or by any person with legitimate interest, if after 5 (five) years

from its granting, on the date of such request, the use of the mark in Brazil: (i) has not been initiated; (ii) has been interrupted for more than 5 (five) consecutive years without legitimate reason; or (iii) has been used in a modified form that implies alteration in its original distinctive character, as found on the certificate of registration. Forfeiture may be total (for all products/services) or partial (for some products/services).

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

Rights are the same. However, after five years of its granting, trademark registration is susceptible to forfeiture through an administrative request before BPTO. If a trademark registration is challenged by a third part with legitimate interest or by BPTO, the trademark holder must prove its use in order to keep its registration, otherwise, registration will be considered forfeit and become extinct.

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

Yes. Unregistered trademarks that are not publicly used have no protection at all. However, unregistered trademarks in use have less protection than registered ones and are available for appropriation by any person before BPTO.

In Brazil, property rights and exclusive rights are granted only to holders of registered trademarks (see item 2), reason why any person different than its user can obtain registration for an unregistered trademark. In case this occurs, Article 129, paragraph 1 of BIPL grants to the user a preferential right to obtain the registration, provided that its unregistered trademark has been used in **good faith** for at least 6 (six) months in Brazil.

- 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.

In general, restrictions of use may occur if there is violation to a previous third part right and, in case of registered trademarks, due to lack of use as well. In both cases, an administrative or judicial decision is mandatory.

- (a) Regarding registered trademarks, restriction to use may be administratively determined by a partial forfeiture decision, or through a Court decision within a non infraction suit, due to violation of third part's previous rights or unfair competition.
- (b) Regarding a sign used as trademark, restriction to use can only be rendered by a Court decision, in case of violation of registered trademark or unfair competition, based on

BIPL (Articles 189, 190, 191, and 195) and Paris Convention for the Protection of Industrial Property (Article 10 *bis*), which establishes the crimes against marks, crimes of unfair competition, and its penalties.

8) Is there any basis for the state or any state-controlled body to expropriate?

(a) a registered trademark;

Yes. Registered trademarks can be expropriated by (i) administrative decision of total forfeiture rendered by BPTO; (ii) adjudication of the registration claimed by means of a court action, by the owner of a mark registered in a country that is signatory of Paris Convention for the Protection of Industrial Property; or (iii) process of registration nullity, which can be administrative, before BPTO (Article 168 of BIPL) or judicial (Articles 173 to 175 of BIPL), requested by any interested person. It is worth mention that, in the hypotheses of item (iii), the trademark is not exactly “expropriated”, since the owner never had the right over the mark, considering it was wrongly granted by BPTO.

(b) a sign used as a trademark; or

No, since users of unregistered trademarks have no property rights over these signs.

(c) the rights deriving from either (a) or (b)?

Expropriation applies only for all the rights deriving from a registered trademark (see item 2).

If yes, please explain any relevant laws or precedents.

Brazil adopts the civil law system, reason why most precedents are not binding. BIPL establishes the basis for administrative and judicial expropriation proceedings, which were above described in items 2 and 8 (a).

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.

Article 124, item XIX of establishes that are not registrable as marks reproductions or imitations, in whole or in part, even with additions, of a mark registered by a third part, to distinguish or certify a product or service which is identical, similar or akin, and **which are likely to cause confusion or association with the third part's mark.**

Moreover, Article 4<sup>th</sup> of Law No. 8.078 of 1990 (Consumer Defense Code) provides a series of principles to be observed in consumer relations, such as: (i) government action to effectively protect consumers; (ii) harmonization of the interests of participants of consumer relations and compatibility of consumer protection with the need for economic and technological development; and (iii) efficient deterrence and repression of all abuses in the consumer

market, including unfair competition and misuse of inventions and industrial designs of marks, trade names and distinctive signs, which may cause harm to consumers.

Finally, as a consequence of Article 5 (item XXIX) of the Brazilian Constitution, the protection of industrial creations, property of trademarks and other distinctive signs are provided in law regarding social interest, as well as the technological and economic development of the country. In this regard, public interest considerations can provide a basis for any restriction or expropriation on this matter.

10) If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard?

Yes. Regarding patents, Articles 68 to 71 of BIPL provides the institute of compulsory license, which may occur: (i) if the patent holder exercises the rights resulting therefrom in an abusive manner or by means of it practices abuse of economic power that is proven under the terms of the law by an administrative or court decision; (ii) if the patent holder does not exploit the subject matter of the patent in the territory of Brazil, by lack of manufacture or incomplete manufacture of the product or, furthermore, by lack of complete use of a patented process, except in the case of non-exploitation due to economic unviability, when importation will be admitted; (iii) if the patent holder commercialize without meeting the needs of the market; (iv) in cases of national emergency or public interest, declared in an act of the Federal Executive Authorities, provided that the patentee or his licensee does not meet such necessity (in this case, a temporary *ex officio* non-exclusive compulsory license for the exploitation of the patent may be granted, without prejudice to the rights of the respective patentee), among other hypotheses. Patent can also be subject to nullity actions, and BPTO can decide for the total or partial nullity. (Articles 46 and 47 of BIPL). Finally, different from trademarks, which can be renewed every ten years, patent rights will have a term of 20 (twenty) years and, after that, the patent becomes extinct and its object falls within the public domain.

Industrial Designs can also be subject to nullity actions (Articles 114 to 118 of BIPL) and, according to Article 108 of BIPL, the registration will have a term of 10 (ten) years counted from the date of filing and will be renewable for three successive periods of 5 (five) years each. After that, the industrial design becomes extinct.

Software Rights have 50 (fifty) years of protection counted from January 1<sup>st</sup> of the year following its publication and, after that, falls within the public domain (Article 2<sup>nd</sup>, paragraph 2<sup>nd</sup> of Law No. 9.609 of 1998).

Regarding Copyrights, Article 41 of Law No. 9.610 of 1998 establishes that the rights of the author linger for 70 (seventy) years counted from January 1<sup>st</sup> of the year following his death, obeyed the order of succession of the Civil Law.

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.

Brazil is a signatory of Paris Convention (PC) and Agreement, Trade-Related Aspects of Intellectual Property Rights (TRIPS), World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) among other international treaties.

Article 6 *bis* (1), (2) and (3) of Paris Convention for the Protection of Industrial Property provides the possibility to refuse or invalidate the registration, as well as to prohibit the use of the mark which can cause confusion to the consumer. Likewise, TRIPS recognizes in its Article 19 the possibility to restrict the use of registered trademarks due to lack of use (forfeiture). Owing to the fact that BIPL was based on CUP and TRIPS, it provides the restriction of both cases abovementioned.

Furthermore, the FCTC was the basis of Law No. 12.546 of 2011, which have changed Articles 2<sup>nd</sup> and 3<sup>rd</sup> of Law No. 9.294 of 1996, which now establishes several restrictions regarding tobaccos's use, sale and advertising.

12) Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? If yes, has your country ratified the FCTC?

Brazil is a signatory of the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC). Brazil approved WHO through internal legislative proceeding and on November 3rd, 2005, Brazil deposited its instrument of ratification to the FCTC.

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.

FCTC has been successfully implemented in Brazil. Tobacco control measures have been built and consolidated in partnership with the Health Offices and some Education Offices in the Brazilian states and municipalities, other departments of the Ministry of Health and the National Health Surveillance Agency (ANVISA). The FCTC is a part of the Tobacco Control Program, which has achieved important positive results since its creation.

In order to build a state agenda for the FCTC implementation in Brazil, the President of Brazil created, in 2003, the National Commission for the Implementation of the FCTC and its Protocols, a formal governmental forum that convenes the representation of 13 (thirteen) different Ministries: Health; Finance; Agriculture; Agrarian Development; Communication; Environment; Education; Justice; Labor; Industry Development and International Trade; Foreign Relations; Science and Technology; and the Civil House.

Based on the Guideline for Implementation of Article 13, Brazil approved Law No. 12.546 of 2011, which bans tobacco advertisings, even in points of sale. Besides that, in reference to the Guideline for Implementation of Article 11, Brazilian government announced stronger

regulation on tobacco packaging, which must combine warnings and strong images, in order to discourage smoking practice.

As an example, nowadays, tobacco's packaging in Brazil must bring warnings of health problems derived from continuous smoking practice highly visible in more than one side simultaneously, combined with shocking images of the consequences of tobacco's continuous use, which have to be exhibited in 100% of one of the main faces of packaging.

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?

According to Article 84, item VIII of the Brazilian Constitution, the President of the Republic is the responsible for signing treaties, conventions and international acts, which are subject to a referendum of the National Congress. In this sense, according to Article 49, item I of the Constitution, it is the sole responsibility of the National Congress finally resolve on treaties, agreements or international acts that result in charges or commitments against the national property. Thus, if National Congress approves the treaty, it can be applied in Brazil.

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/Exploration.

Parameters for restriction/expropriation are under construction in Brazil through infralegal acts, such as ordinances and resolutions, and also through regulatory bodies, such as the National Council for Self-Regulation (CONAR). However, these acts only provide restriction hypotheses, since in case of expropriation the Government will have, theoretically, to compensate the particular.

Nonetheless, the nature of the public interest is not relevant to determine expropriation of registered trademarks; it is only taking into consideration by BPTO at the moment it analysis the grant of registration, since law prohibits the registration of a trademark which violates the moral and the good habits. As a result, since the registration is granted, there is no legal basis to expropriate/restrict the registration based on public interest.

On the other hand, the registered and unregistered trademark use can be restricted due to the nature of public interest, such as alcoholic beverages, tobacco and medicines. In conclusion, there is no restriction/expropriation hypotheses for registered trademarks based on public interest, although issues related to public health may restrict the use of registered and unregistered trademarks.

- (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?

Yes, in case of restriction, as explained in the item (a). Expropriation of registered trademarks does not apply in relation to a particular class of products, but to all trademarks, in general, as explained above (see items 7 and 8).

- (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?

Not applicable in Brazil.

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

Not applicable in Brazil. However, the Civil Code determines the damage repair, which must be proven, except in cases of strict liability.

- (e) Does a trademark rights owner 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.

Theoretically yes, since once the particular has acquired the property right, he has the right to be compensated for damages caused by any third part. However, in practice, it is difficult to obtain compensation or indemnification by the Government in these cases, since the public interest will be plenty considered by the judge.

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

Yes. The hypothesis that a trademark can remain registered is the partial forfeiture (see items 4 and 5).

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

In case of partial forfeiture, the owner can use the trademark only to the products/services considered in use, and can not use the mark to the products/services which has not been used in the 5 years after the trademark granting.

- 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.
- (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.

Not applicable in Brazil.

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