

Plain Packaging Questionnaire
AIPPI Chilean Group (ACHIFI)
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Answered by Iliana Alvarado, Claro y Cia.

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**; and
- (b) use it once so registered? **NO**

2) What rights are derived from trademark registration?

The trademark grants to its owner the exclusive and excluding right to use it for commercial purposes in the form in which said trademark was granted and in order to distinguish the goods, services, commercial or industrial enterprises covered by the registration. Consequently, the owner of a registered trademark can prevent any third party from using, in its commercial transactions, without the knowledge of the owner, identical or similar trademarks for goods, services or commercial or industrial establishments identical or similar to those for which the registration was granted, provided that the third party use is misleading or may lead to confusion. When the third party use refers to an identical trademark for identical goods, services or commercial or industrial enterprises, confusion shall be presumed.

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

According to the Industrial Property Law, identical trademarks or trademarks that graphically or phonetically resemble others, in such a way that they can be confused with trademarks already registered or previously validly requested for identical or similar, goods, services or commercial or industrial enterprises of the same class or related classes cannot be registered as trademarks. These grounds are equally applicable with respect to trademarks which have not been registered but which are being effectively used, prior to the respective application for registration within the national territory.

4) Is it possible to:

- (a) obtain; or
 - (b) maintain;
- registration for a trademark that is not:
- (i) used; **YES** or

(ii) intended to be used? **YES**

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

The same, excepting the fact that actual confusion cannot be attested in case of infringement actions.

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

Although the use of a trademark is not a requirement in Chile for said trademark to be registered, in accordance with article 20 of our Industrial Property Law, unregistered trademarks may prevent identical or similar trademarks from being or continue to be registered, provided the unregistered trademark is effectively used in Chile.

Additionally, the use of a trademark can permit registration of signs which are not intrinsically distinctive, provided said trademark has gained distinctiveness through use in the National market.

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

(a) a registered trademark; **NO, excepting some placement restrictions in tobacco or alcohol products** or

(b) a sign used as a trademark? **Unregistered trademarks do not purport any rights other than the ability to prevent the registration of other similar or identical trademark(s), as explained above. Trademark associated rights are acquired through the registration of said trademark.**

If yes, please explain any relevant laws or precedents.

The Constitution of the Republic of Chile establishes that the use of property can be limited due to the property's social function. This comprises: National interests, National safety, public interests, public health, and/or the preservation of the environment, provided said restriction is established by law. Consequently, the use of a trademark could be restricted, if a law is enacted by the Congress establishing said restriction, based on the reasons established above.

The Framework Convention on Tobacco Control was enacted as law in Chile and it has been effective since September 11, 2005.

In accordance to said convention, the Decree N° 49 was passed; it establishes the Health Warning for Packages of Products Manufactured with Tobacco and sets forth restrictions of use of trademarks associated with tobacco packaging. In accordance to said decree, tobacco products' packaging must show a health warning the size of 50% (generally speaking) of said

packaging, in the manner detailed therein. Said decree also prohibits any publicity of the tobacco itself or of the trademark associated to the respective tobacco product, anywhere else other than inside the respective sale points. Even inside the respective sale points, the advertisement for the tobacco products, (including the corresponding trademarks or logos, by themselves, as a made-up name or as part of another denomination), cannot be larger than 2 square meters. Additionally, said decree also states that any graphic representation of the corresponding trademark set in any surface whatsoever must always be accompanied with the warning established therein.

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

(a) a registered trademark; **YES.**

The Constitution of the Republic of Chile, in its article 19, numeral 24 establishes that no one can be deprived from its property, the goods to which it relates to, or any of the essential dominion attributes or faculties, except than by virtue of a general or special law which authorizes the expropriation by reason of public or national interest, so qualified by the legislator. The expropriated party has the right to contest the legality of the expropriating act and in all cases it shall be entitled to compensation for the patrimonial damage effectively suffered.

Consequently, a registered trademark could be expropriated, at least in theory, by reasons of public or national interests.

(b) a sign used as a trademark;

NO, as explained above unregistered trademarks do not purport any rights to users, except to the ability to prevent another similar or identical trademark to be or continue to be registered.

(c) the rights deriving from either (a) or (b)? **SEE ABOVE RESPONSES**

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")? **YES**

If yes, please explain any applicable public interest considerations, and any relevant laws or precedents.

As explained above, property can be limited due to National interests, National safety, public interests, public health, and/or the preservation of the environment, provided said restriction is established by law. Additionally, property can be expropriated only through a general or special law which authorizes the expropriation by reason of public or national interest, so qualified by the legislator. Consequently the legislator would be the one qualifying acts as acts of public or national interest, in the case of expropriation and as acts of National interests, National safety, public interests, public health, and/or the preservation of the environment, when talking about a restriction on the use of property.

10) If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard? **NO**

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)?

YES, as long as said treaties have been ratified in the country, and are thus deemed as national law.

If yes, please explain the international obligations, and how those obligations are reflected in or received into your country's law.

Please refer to question number 7 above.

12) Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? **YES**

If yes, has your country ratified the FCTC? **YES**

13) If yes to 12) above, has the FCTC been implemented in your country? **YES**

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.

As a consequence to the ratification and adoption of the treaty in the country, nowadays there is almost not tobacco advertisement allowed and there are big marketing and publicity restrictions as well as health warnings in all packaging and labeling of tobacco products.

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?

Once ratified, treaties are considered national law; however, further domestic law was enacted to give it effect, i.e: Decree N° 49 establishing the Warning for Packages of Products Manufactured with Tobacco.

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.

As explained above, the legislature is the government branch entitled to qualify acts as acts of National interests, National safety, public interests, public health, and/or the preservation of the environment. Notwithstanding the aforementioned and according to our Constitution, in the case of expropriation, the expropriated party shall always be entitled to a compensation.

As for restrictions/limitations on the use of property, our case law has sometimes granted compensation in cases where the limitation has been severe. However, this cannot be deemed as a rule. (No case law was found on the specific subject of trademark-use limitation, but there is abundant case law dealing with limitations to property's dominion attributes or faculties)

In the "*Comunidad Galletué vs Chilean Treasury*" case, the Supreme Court rejected the appeal on cassation interposed by the Chilean Treasury, thus confirming the judgment rendered at the first instance, granting compensation to the *Comunidad Galletué*. In this case, the enactment of a Decree complying with the Convention on the Protection of Flora, Fauna and Natural Scenic Beauty in the Countries of the Americas, purported to the affected party a limitation and restriction of its dominion attributes and faculties over its property; this was so because it exploited the arboreal species *araucaria araucana* which was protected under the Convention. Consequently the affected party sought compensation by claiming the States responsibility.

Conversely, after the enactment of a Decree N° 43 which limited even further the use of the *araucaria araucana* species, an individual named *Mario García Sabugal* filed a remedy against the Agriculture Ministry, arguing that said decree was in fact an expropriation and a confiscation of his property, since it prohibits the exploitation of the arboreal species. However the Court of Appeals of Santiago determined that the enactment of the Decree was legal, dismissing the remedy.

Another relevant case is the "*Agrícola Lolco vs. the Chilean Treasury*". Here, the claim also was about the enactment of the Decree N° 43. However, in this case the affected party resorted to a claim for damages for the limitation to its property, against the State. At the first instance the Court awarded compensation to the affected party. Notwithstanding the Appeals Court, although confirming the merits of the judgment, considerably reduced the amount awarded as compensation. Finally, the Supreme Court developed a different rationale, but it was only able to amend the Appeals Court judgment because the appeal on cassation was filed by the affected party and not by the Chilean Treasury. It stated that such a claim should have never prevailed.

(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?

Provided the restriction or expropriation are duly carried out, No.

(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?

In the case of expropriation, compensation should always be available to any affected party; said compensation would be agreed upon by the government and the affected person; or alternatively, it could be set by a judgment issued in accordance to law by the appropriate courts.

As for restrictions, please see response to letter a) above.

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

As detailed above when talking about expropriation, the government and the affected party would agree upon the amount for compensations. If no such agreement is reached, compensation would be determined provisionally by an Expert, in accordance to applicable laws.

As for restrictions, please see response to letter a) 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.

According to our Constitution (article 19, paragraph 24), in the case of expropriation the affected party can make a claim on the admissibility of said expropriation.

In the case of restrictions or limitations, the affected party could seek various civil and administrative remedies depending on the particular case.

(f) In the event of Restriction/Expropriation, could a trademark remain registered?
Yes, but in the case of expropriation the trademark would have to be assigned to the expropriating governmental entity.

(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 the case of restriction/expropriation, the main consequence would be a partial or total prohibition of use which would enormously harm the mark notoriety.

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.