

## Plain Packaging Questionnaire

**National Group:** Sweden

**Title:** Plain Packaging Questionnaire

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### 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.*

#### Comment:

Our answers are limited to Swedish law currently in force and as applied by Swedish courts. For the purposes of the questionnaire, we have further made, and relied upon, the assumption that the questions relate only to trademark use for tobacco products and similar types of products and not for trademark use in general. Our answers have been adapted accordingly.

**1) If the general conditions of registerability are met, does the product or service in relation to which a trade mark is used or proposed to be used have any effect on the ability to:**

**a) register the trademark**

**b) use it once so registered?**

a) No, the goods or services for which the trademark is registered cannot per se constitute a hindrance to the registerability of the same.

b) Yes.

Marketing of tobacco products and use of certain trademarks in marketing of other products or services is in Sweden regulated in the Tobacco Act (SFS 1993:581, 2005:369), where paragraph 14 states that commercial advertisements of tobacco products may not occur in periodical newspapers, in TV or radio or similar channels. Further, marketing of tobacco products is forbidden apart from in printed matter or other channels which are covered by the laws on freedom of the press or freedom of expression, marketing of the service to sell tobacco products and commercial messages inside of the location for sale which is not intrusive, outreaching or which calls for use of tobacco. Moreover, paragraph 14a provides that a trader that markets either a good other than tobacco products or a service to consumers, may not use a trademark which is wholly or partly used for a tobacco product or registered or established for such a product (so called brand stretching, see e.g. Judgment of the Court of First Instance (Third Chamber) of 27 June 2000, in the joined cases T-172/98, T-175/98 to T-177/98, Camel Boots), if the marketing is done in commercial advertisements in e.g. newspapers or television programs. A violation of the prohibition on marketing of tobacco products in commercial advertisements on radio or television programs may also result in a market disruption fee under the provisions of the Marketing Act (SFS 1995:450)

(paragraph 15, second sentence of the Tobacco Act). If such a trademark is used in marketing to consumers in any other way the trader shall observe the moderation that follows by the fact that the sign may also be associated with tobacco products. In effect, this involves a prohibition of outdoor advertising and direct advertising since these forms of marketing of tobacco products are not considered moderate. The said provision in the Tobacco Act relates to the Marketing Act (SFS 1995:450) - a marketing measure contrary to paragraph 14 of the Tobacco Act is deemed unfair to consumers and thus contrary to paragraph 5 and 6 of the Marketing Act. This means that a trader whose marketing is contrary to the provisions of the Tobacco Act may be prohibited under the Marketing Act to continue the marketing or to take other similar measures. Prohibition may be also be issued against employees of the trader and others acting on behalf of the trader as well as each person who has significantly contributed to the marketing. Prohibitions are normally sanctioned with a fine.

Legislative history: Among the instances that opposed to the government proposal to introduce the current restrictions in the Tobacco Act on the use of certain trademarks in marketing, were holders of trademarks that may be affected by the proposal, wholesalers and retailers for relevant brands. The majority of these instances expressed that the proposition was not consistent with the trademark law and that it conflicted with the EC Treaty on the free movement of goods and services. The Faculty Board of Uppsala University agreed with the position taken in the preparatory work that the proposal did not conflict with the provisions on property protection (including intellectual property) in the Swedish Constitution and the European Convention. When it came to the connection with national trademark laws, the Swedish Patent and Trademark Office (SPRO) did not find that the proposal would cause any major problems. Despite a reduced possibility of market exposure due to the restrictions, according to SPRO there is still room to meet trademark law use requirements and to continue to acquire exclusive rights to a trademark through use. There have further been arguments among the different instances that restricting the use of trademarks for tobacco products could be considered expropriation or acquisition of trademark rights. In the preparatory work, the government took the position that the prohibition on use of brand stretching resulting into indirect marketing is consistent with the provisions on the protection for freedom of expression and the provisions on the protection of property in the Constitution and the European Convention. The legislation which is now in force (according to the said proposition) was also considered consistent with trademark law and the provisions of the EC Treaty on the free movement of goods and services; the latter since it is justified by reference to the protection of health or life or to consumer protection and thus in accordance with the principle of proportionality. It was stated that "The restriction referred to in the proposal of the right to use a trademark involves no such compulsive takeover of property law which is, under the law for such takeovers, presumed to constitute a right to compensation. The proposal rather constitutes a limit to the right to dispose of the sign in some respects [...]The right to utilize the sign restricts only the use of commercial advertising in certain media, while the sign is in use both for tobacco and other goods or services. The sign can be used simultaneously in the marketing of these products, except for such marketing which appears in commercial advertisements in certain media. A trader is therefore at liberty to advertise products other than tobacco products under a brand that is well-established for a tobacco product in stores, restaurants and malls. Marketing with such signs may also occur outdoors, but with the constraints as dictated by the principle of moderation under law. (Prop. 2001/02:64, s. 36 f., Prop. 2004/05:118, s. 28 f.)

Further, paragraph 9 of the Tobacco Act stipulates that tobacco packaging shall be marked to the extent and in the way directed by the government with texts or illustrations of the health risks which are related to the use of tobacco (warning texts), besides declarations of contents and place of production. The government has submitted to the Swedish National Institute of Public Health to issue further regulations on labeling. Regulatory information and warning texts are available in the Institute's Statutes FHIFS 2001:2 and FHIFS 2002:4. In paragraph 7 FHIFS 2001:2 it is e.g. stipulated that warnings texts must be in Swedish. The regulations were introduced under the EU Directive 2001/37/EC.

## **2) What rights are derived from trademark registration?**

A trademark registration gives the holder an exclusive right meaning that no one else has the right to use the same trademark for its goods or services in the course of trade, or in its marketing (a so called negative right). The protection also covers marks which are similar to the trademark, for identical or similar goods or services, if there exists a likelihood of confusion, including the likelihood of association between the owner of the similar trademark and the proprietor of the first trademark.

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

Exclusive rights can derive from a trademark which in the country is known by a significant part of the relevant public. Based on the establishment, such an unregistered trademark is a hindrance to the registration of new trademark applications, provided that the protection based on the establishment on the market is valid within a substantial part of the country (chapter 2, paragraph 8 section 12, point 3 of the Trademarks Act (SFS: 2010:1877)). The owner of such an established trademark enjoys the same legal protection as the owner of a registered trademark. On a side note, an unregistered trademark may also be protected under marketing law (paragraph 18, point 5 and 7 of the Marketing Act (2008:486)).

## **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 possible to (a) obtain a registration for a trademark which is not (i) used nor (ii) intended to be used within the nearest future after the trademark was registered. A trademark registration may be revoked, if the proprietor has not within five years from the final decision on the registration, or within a consecutive period of five years, made genuine use of the mark in Sweden in respect of the goods or services for which it has been registered. The registration may not, however, be revoked on grounds of failure to use, if there are proper reasons for the non-use.

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

The scope of such rights is the same. However, a trademark which cannot be considered used or intended to be used within the period set out under 4) above, can be subject to cancellation action, why under those circumstances, the rights derived from such a trademark is dependent on the non-intervention from a third party. Further, the scope of protection of a trademark that is not used is normally smaller than for a trademark in use. This can also affect the likelihood that a newer trademark is found confusingly similar to an older trademark which is not in use.

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

It may be, but it is not a condition for protection that a trademark is in fact used in Sweden. Normally, as mentioned under 3) above, exclusive rights can derive from a trademark which in the country is known by a significant part of the relevant public (chapter 2, paragraph 8, section 2, point 3 of the Trademarks Act). Such establishment is usually achieved through

use, but must not necessarily be so. A trademark may be known by the relevant public even if it has only been used outside of Sweden.

**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.**

(a) Yes. As aforementioned under 1) b), use of certain trademarks in marketing of other products or services is regulated in the Tobacco Act (SFS 1993:581), where paragraph 14a provides that if a trader markets either a good other than tobacco products or a service to consumers, the trader may not use a trademark which is wholly or partly used for a tobacco product or registered or established for such a product, if the marketing is done in commercial ads in e.g. newspapers or television programs. In effect, that could constitute a basis to restrict the use of a registered trademark. Further, a trademark registration may be revoked under chapter 3, paragraph 1, section 2, point 2 of the Trademark Act if the trade mark has become contrary to law or regulations or principles of morality or public policy.

(b) Yes, as regards the Tobacco Act, described above, which relates to use of a trademark.

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

**If yes, please explain any relevant laws or precedents.**

**(a) a registered trademark;**

**(b) a sign used as a trademark; or**

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

a)-c) No.

**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.**

Yes. See above under 1) b) regarding references to the protection of health or life or to consumer protection to justify the restrictions made under the Tobacco Act.

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

The issue of trademarks has been assessed separately from other intellectual property rights due to the current restrictions in the Tobacco Act only being intended for trademarks.

**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.**

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, Sweden signed the FCTC on 16 June 2003 and ratified it on 7 July 2005. It entered into force on 5 October 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.**

No new legislation has come into force on this area during the last years; however the government has put forward a proposal to implement the convention (prop 2004/05:118).

**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?**

Legislation is required to give it effect in Swedish law; the convention does not have direct effect.

**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 implicated under 1) b) the parameters for such restrictions are set by the interest of public health and implemented through the Tobacco Act (SFS 1993:581).

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

It is difficult to generalise these issues. Each case must be considered on its own circumstances and merits. TRIPS Article 8 has been frequently cited in the context of patents and access to medicines.

**(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?**

There are no possibilities for compensation for the restrictions described under 1) above.

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

N/A

**(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.**

There are possibilities to claim compensation from the state in case the state is considered to have breached the European Convention on Human Rights. Trademark law or Tobacco law do not contain any such provisions.

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

The applicable rules are not considered to affect the trademark owner in a manner which is inconsistent with other applicable rules and rights. Should further restrictions be

implemented, problems such as compensation to the trademark owner and whether or not a trademark could remain registered will need to be considered.

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

A restriction will at all times risk leading to a negative effect for a trademark.

**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.**

The Trademark Act would need to be changed. In the preparatory work for the Tobacco Act, further described under 1) above, the conclusion was that if further restrictions were made, the constitution on freedom of expression would need to be changed. The same is likely to apply in case more intrusive measures, such as requirements for plain packaging, would be implemented in Sweden. Treaties within the EU and WTO is likely to be the starting point of such changes. Within the EU, a revised version of the Tobacco Directive has recently been presented; COM(2012) 788 final, 2012/0366 (COD). What the final version will include remains to be seen.

**(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?**

The Group has not been able to find an answer to this complex question, which involves other fields of law than IP law, for the time being.

**(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.**

See above under (b).