

## Plain Packaging Questionnaire

### Answers of the Swiss Group

#### 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?**

Swiss trademark legislation does not set forth any specific requirements or restrictions regarding the products or services for which a trademark can be registered or used. In principle, trademarks can be registered and used for any kind of products and services covered by the international classes provided for the Nice Classification.

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

With the registration of the trademark the owner is granted exclusive rights of use. The trademark owner may therefore prevent third parties from using (i) identical or similar signs (ii) for identical or similar products (see art. 13 para. 1 in connection with art. 3 para. 1 of the Swiss Statute on Trademarks and Indications of Geographical Origin, see hereafter MSchG).

Art. 13 para. 2 MSchG enumerates the exclusive rights of the trademark owner. Accordingly, the owner may prohibit third parties:

- To use or fix same or similar signs on goods or their packaging;
- To market, advertise or store for such purposes goods branded with same or similar signs;
- To market and provide services branded with same or similar signs;
- To import, export and transit goods branded with same or similar signs ;
- To use the same or similar signs on business documents, in the advertising or in any other way in his business .

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 general, Swiss trademark laws follow the registration principle, i.e. only registered signs benefit from trademark protection and the respective exclusive rights.

There are, however, two important exceptions from that registration principle:

- **Famous trademarks** enjoy a special and larger protection than registered trademarks. The protection is set forth in art. 15 MSchG. The registration of a famous trademark in Switzerland is, pursuant to legal literature and case law, not a requirement for an effective protection. However, in order to qualify as a famous trademark pursuant to art. 15 MSchG the sign must be used in Switzerland. Otherwise, the sign cannot achieve the necessary grade of famousness.
- Art. 3 para. 2 lit. b MSchG provides for the protection of **well-known trademarks** pursuant to art. 6bis of the Paris Convention and grants trademark protection in Switzerland also to such well-known trademarks that are not registered and not even used in Switzerland. Art. 3 para. 2 lit. b MSchG does not only protect foreign well-known trademarks, but also well-known trademarks used by Swiss companies in Switzerland. Even if the question was so far not explicitly decided by the Swiss Federal Court, main legal doctrine is of the opinion that well-known trademarks benefit from the same trademark protection and exclusivity rights as registered trademarks.

Distinctive signs other than famous or well-known trademarks and that are not registered may be protected pursuant to the Swiss Statute on Unfair Competition (hereinafter UWG). Art. 3 lit. d UWG prohibits the use of signs that may lead for the consumers to a risk of confusion with a distinctive sign that was previously used. The elements for the determination of the risk of confusion are mainly the same as the ones used for determining the existence of a trademark infringement. Art. 3 lit. d UWG may grant protection among others to trade dresses, in particular packaging designs, that are not registered as a trademark.

The rights granted by art. 3 lit. d UWG require a use of the distinctive sign in Switzerland. The extent of the protection granted in case of conflicts with similar or identical signs is similar to the one granted by trademark law. However, distinctive signs enjoying protection under art. 3 lit. d UWG do, contrary to registered signs, famous and well-known trademarks, not qualify as trademarks or intellectual property rights, which is important regarding the restrictions of the use of such unregistered distinctive signs (see below our answer to question 8 et seq.).

**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?**

A trademark may be registered without the obligation of having it used prior or immediately after its application. A strict use requirement does not apply.

Pursuant to art. 12 MSchG (in connection with art. 11 MSchG) a trademark must, however, be used for the goods and services for which it is registered in order to maintain the trademark protection. Art. 12 para. 1 MSchG grants the trademark owner a grace period of five years, either following the opposition deadline, or following the termination of opposition proceedings respectively, if an opposition has been filed.

As a consequence, a registered trademark generally loses trademark protection if it is not used for the goods or services for which it is registered. The owner of the trademark may not anymore invoke its exclusive rights against third parties using identical or similar trademarks / signs for identical or similar goods or services.

Even though use is not necessary for the trademark registration, use is important for the exclusive rights derived from that registration. Without use, the trademark registration becomes a "naked privilege".

**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 rights derived from such trademark registration are the same.

However and as already mentioned in our answer to question 4, the maintenance of the exclusive rights, which are the most important rights derived from trademark registration, is dependent on the trademark use. Without trademark use trademark registration becomes a "naked property".

Furthermore, it should be mentioned that the use of a trademark affects the extent of the trademark protection. Not every trademark has the same extent of protection.

A famous trademark pursuant to art. 15 MSchG has a wider scope of protection than ordinary trademarks. Whereas the exclusive rights granted to ordinary trademarks only extend to similar or identical signs used for similar or identical goods or services (art. 13 para. 1 in connection with art. 3 MSchG), the exclusive rights of famous trademarks

extend also to signs / trademarks that are used for non-similar goods or services. As a trademark may only become or remain famous by use, the protection granted to famous trademarks essentially depend on their use. Without use or with restricted use only, a famous trademark may lose the necessary grade of famousness and therefore the broader trademark protection Swiss law grants to famous trademarks.

Same rules apply to the protection of a well-known trademark pursuant to art. 3 para. 2 lit. b MSchG in connection with art. 6bis of the Paris Convention.

Finally, the protection granted to ordinary trademarks may also depend on the use of the trademark. The strength of a trademark or the grade of distinctiveness of a trademark and therefore the extent of trademark protection may depend on the use of such a trademark. Accordingly, third parties' trademarks registered for the same goods or services must significantly differ from prior trademarks with a strong distinctiveness and a broad use respectively.

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

Rights in "unregistered" trademarks essentially depend on the effective use of such distinctive signs.

This is in particular the case for famous trademarks (art. 15 MSchG) whose trademark protection depends on use. Further, also rights granted by art. 3 lit. d UWG depend on use (in Switzerland). Contrary to that, well-known trademarks protected pursuant to art. 6bis Paris Convention must not be used in Switzerland. Yet, they must still be used in other countries as otherwise they will lose their notoriety as well.

**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.**

Swiss trademark legislation provides for restrictions regarding the exclusive rights of the owner of a registered trademark. These restrictions do, however, not restrict the use of the trademark itself. The trademark owner may still use the trademark, but he cannot exclude third parties from the use of a similar or identical sign. In that sense, the exclusivity rights are limited. Such a limitation results, e.g., from the international exhaustion of the trademark rights; accordingly the trademark owner can no longer oppose the import into Switzerland of the original products put on foreign markets with his consent.

In contrast, Swiss trademark laws do not provide for any specific restrictions of the use of a trademark, which restriction of use may result in a complete loss of the exclusive rights if these rights can only be maintained by use, as this is the case for all registered, famous or well-known trademarks.

Having said that, it should be mentioned that art. 2 lit. d MSchG prohibits the registration of illegal signs and signs as trademarks that are against the order public or the public moral. The illegality of such signs must derive from a Swiss federal statute or an international treaty that is directly enforceable in Switzerland, as this is the case, for example, for the Federal Statute on the Protection of the Name and the Signs of the United Nation Organization and other Intergovernmental Organisations or the Swiss Statute on the Protection of the Swiss Flag which prohibit the registration of the Swiss Cross and the UN symbols as trademarks. So far, the trademark statute does not directly restrict the use of such signs as trademarks; the extent of the restriction of use is set forth in the specific statute or treaty. The mentioned Federal Statute on the Protection of the Name and the Signs of the United Nation Organization and other Intergovernmental Organisations does, for example, not restrict the use of the respective signs entirely.

It can also occur that a trademark was initially validly registered, but that it later became illegal because of the enactment of a new federal statute or the modification of an existing federal statute. This legal constellation is not widely discussed in Swiss legal doctrine and authors' opinions differ. Many authors assert that validly registered trademarks do not automatically become illegal by an enactment of a new federal statute. Yet, also these authors mention that limitations of trademark rights are not entirely excluded. Limitations of trademark rights are subject to the same principles as other property rights. Other authors argue that an illegality of a once validly registered trademark by an enactment of a new federal statute may actually result in a formal or de facto expropriation ("materielle Enteignung") of property rights and that such limitations as well as their consequences shall be reviewed according to the rules developed for the expropriation of ownership rights (see below answers to question 8 et seq.).

In this context, Swiss courts had to review the case of a registered trademark that had become illegal pursuant to art. 2 lit. d MSchG upon enactment of a new federal statute (decision of the Swiss Federal Administrative Court of 30 January 2009, B-3766/2007, E. 9 – Gallileo / Gallileo Joint Undertaking). The court held that the registration and the use of registered trademarks may be affected by federal statutes (in that case it was the Federal Statute on the Protection of the Name and the Signs of the United Nation Organization and other Intergovernmental Organisations). Trademark registrations are not immune against the enactment of new statutes. Trademark registration and the rights thereof can be restricted by federal statutes. In the Gallileo-case the court held that the restriction of the trademark protection was proportional and therefore acceptable, because the respective federal statute did not prohibit the use of the sign in general. Just the exclusive right got lost and with it the right to enjoin third parties from using the same mark. As a consequence, the court held that there is also no reimbursement owed because the restriction is not significant.

The constellation regarding Plain Packaging where the packaging requirements do not invalidate a trademark registration and do not limit, at least directly, the use of the exclusive rights of the trademark owner is not comparable with the constellation in the Gallileo-case. Despite it, there is no doubt that Plain Packaging requirements will impact the use of the trademark on the product packaging and limit the exclusive rights of the trademark owner as well.

As the court stated in the Gallileo-case, any restrictions of absolute intellectual property rights, such as limitation of the use of registered trademarks, must in principle be considered a de facto expropriation of property rights. Registered trademarks are intellectual property rights and benefit from the constitutional property right guarantee (art. 26 of the Swiss Constitution). Restrictions (and expropriations) of such property rights are permitted under certain circumstance only and subject to the same specific requirements and rules applicable to formal expropriation (for a more detailed discussion please refer to answer to question 8).

With regard to restrictions of use for signs that are used to distinguish products and services, but are not registered as trademarks, the legal situation is the following:

- Both famous and well-known trademarks (even the ones that are not used in Switzerland) generally benefit from the constitutional protection of property rights pursuant to art. 26 of the Swiss Constitution. Use restrictions regarding famous and well-known trademarks must therefore be assessed in the same way as use restrictions regarding registered trademarks.
- **Distinctive signs protected pursuant to art. 3 lit. d UWG** are not qualified as absolute property rights and do therefore not benefit from the protection of art. 26 of the Swiss Constitution. This does not mean that the use of such signs may be restricted at any time. But the requirements for use restrictions regarding such signs is much lower than the requirements to be complied with regarding registered, famous or well-known trademarks.

**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.**

When discussing the expropriation of trademarks rights, it is most likely that Swiss authorities would not considering expropriating the owner by transferring the trademark rights to governmental institutions or by acquiring a "public" right of use. The enactment of Plain Packaging provisions would rather result in a de facto expropriation of the rights

of use where the trademark owner is not longer permitted to use, or use under certain circumstances only, its trademarks.

Contrary to Swiss Patent law that contains provisions about the expropriation of patent rights (see below our answer to question 10), Swiss trademark laws do not set forth any specific provisions dealing with the expropriation or de facto expropriation of trademark rights. This does however not lead to the conclusion that the Swiss legislation wanted to exclude a de facto expropriation of trademark rights. It is correct that no discussion took place in this respect when the MSchG was enacted in 1993, but there is also no indication the legislator was of the opinion that the de facto expropriation of trademark rights for overriding reasons was to be excluded from the beginning. It rather seems that, contrary to patents and patent right, the legislator did not see substantial risks for the public interest, in particular for the interests in a market economy and in the avoidance of monopoly constellations, with respect to trademarks and trademark protection. Furthermore, trademarks as intellectual property rights are protected by the constitutional property rights guarantee in art. 26 of the Swiss Constitution, which sets forth strict requirements for the limitation of property rights (see below) and which overrides the trademark laws in the legal hierarchy. Please consider also answer to question 10 below.

As already indicated in the answer to question 7 above, registered, famous and well-known trademarks qualify as absolute rights and absolute rights are protected by the property right guarantee in art. 26 of the Swiss Constitution. This does not mean that trademark rights could not be formally or de facto expropriated, but has the important consequence that the owner of such expropriated trademark right has the right to require a compensation for this expropriation corresponding to the value of the expropriated rights, provided that the expropriation results in a significant limitation of his rights.

Furthermore, the following requirements must be strictly and cumulatively complied with in order to expropriate or restrict the protection and use of a registered, famous or well-known trademark:

- i) The formal or de facto expropriation must be set forth by a federal statute, i.e. a statute enacted by the Swiss parliament;
- ii) The formal or de facto expropriation must be in the public interest;
- iii) The formal or de facto expropriation must be proportional (with respect to the purpose of the formal or de facto expropriation).

If a formal or de facto expropriation cumulatively complies with these requirements and is therefore legal, trademark owner is in principle granted a compensation for the expropriation of his rights. In the case of a formal expropriation the reimbursement is a mandatory requirement. Without compensation the formal expropriation would be illegal. With regard to a de facto expropriation it must be assessed on whether the restrictions on his owner rights are significant or not.

With regard to the de facto expropriation of trademarks, the restrictions for the trademark owner must be significant as the expression "de facto expropriation" already indicates. The loss of property rights or rights derived from the limitation of his (intellectual property) rights must affect the owner like a formal expropriation. The court in the cited Gallileo-case (see our answer to question 7) held that there was under the factual circumstances no need for compensation because the respective statute did not prevent from the use of the registered trademark.

It is important to mention that art. 26 of the Swiss Constitution prohibits the enactment of any statutes (and orders of authorities) that actually eliminate elementary property rights. However, the legislator has a wide discretion and the elimination of the property right as elementary institution of Swiss law is not easily acknowledged. If Plain Packaging statutes were to be enacted, Swiss legislator would have to evaluate that Plain Packaging requirements de facto result in cancellation of rights of use of figurative trademarks or three-dimensional trademarks that are registered for specific products, e.g. for tobacco products or alcoholic beverages. Intellectual property rights in such trademarks would therefore not anymore exist in the long run as the respective trademarks could not be further used.

A different reasoning may apply to signs that are only protected by art. 3 lit. d UWG as these distinctive signs entail only relative rights that are not protected by art. 26 of the Swiss Constitution. As a result, the mentioned requirements for formal or de facto expropriations of such signs would not apply. Even then, any state expropriation or restriction action must remain in the public interest and be proportional. These general legal principles continue to apply without any restrictions. Therefore, any restrictions of the right to use distinctive, but not registered signs shall not be automatically permitted in any case.

- 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.**

Public interest considerations are important when discussing the possible expropriation of trademark rights. As a matter of fact, formal or de facto expropriation of trademarks (registered, famous or well-known trademarks) is only possible if the restriction or expropriation is deemed to be in the public interest.

The requirement of public interests for a limitation of property rights was essentially developed by Swiss courts in constitutional law cases and by the Swiss legal doctrine.

With regard to a de facto expropriation of trademarks registered for tobacco products or alcoholic beverage, general public health may qualify as a public interest that could be balanced against the property rights of the trademark owners. In this respect it should be mentioned that the legislator has been granted the right to enact tobacco regulations or



alcohol regulations and e.g. to limit the use of indications such as "mild" and "light" in any advertising, this apparently including also registered trademarks and not registered distinctive signs for tobacco products as these adjectives are considered to be misleading about the health impact of smoke. Having said that, also the protection of property rights is deemed to be in the public interest; therefore a balance of interests always need to take place.

In addition to that, art. 27 of the Swiss Constitution considers the so-called economic liberty a primary right of citizens and companies. Trademark protection is an important part of the market economy. A trade economy without trademarks is not as efficient as one with such trademark rights. Accordingly, it can be stated that art. 27 of the Swiss Constitution also protects the right of companies to operate their business and in that regard to market and advertise their products and to freely use their trademarks and distinctive signs. Requirements of Plain Packaging would most likely directly affect art. 26 (protection of property rights) and art. 27 (economic liberty) of the Swiss Constitution.

With regard to the balancing of the different public interests at stake, the requirement of a sufficient and strong federal statute as basis of restrictions or expropriations of trademark rights should not be underestimated in Switzerland. Because of the direct democracy and the possibility of people's referendum against federal statutes, Swiss Parliament is urged to balance the different public interests. Even though public health is a public interest, it is not a public interest that generally overrides other public or private interests. Restrictions of the individual liberty and the economic liberty based on public health concerns are usually widely discussed in the course of the legislation process (in the parliament and in the public). Such legislation is often opposed by many political parties, lobbyist groups and business organizations. Swiss parliament therefore tends to balance the public interests in a way that there can be found a compromise, which means that restrictions are reduced to a minimum and that expropriations are very rare.

As an example, a federal statute regarding an extended protection against passive smoking was rejected in a people's referendum by a majority of 66% on 23 September 2012. The people recognized that the new law would have restricted the individual liberties too significant.

As a summary, it can be said that public health is a public interest, but not the only one to be considered when discussing the enactment of Plain Packaging provisions. Such an interest in public health must be overriding compared to other public interests like the protection of property rights, the economic liberty and the individual liberty of citizens.

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

The considerations outlined above apply to all kinds of intellectual property rights.

Contrary to the trademark laws, there are, as already mentioned above, statutory examples of expropriations or de facto expropriations for patents.

Art. 32 of the Swiss Patent Statute sets forth that patents may be entirely or partly expropriated by the Swiss government if such an expropriation is required by public interests and if the owner of the patent is compensated. There is, however, no case in Switzerland in which a patent would have been expropriated based on art. 32 of the Swiss Patent Statute.

Art. 40 of the Swiss Patent Statute sets forth that a patent owner may be forced by courts to grant a license if public interests require such a compulsory license. There is no known case in Switzerland in which a court granted such a compulsory license so far.

Both, art. 32 and art. 40 of the Swiss Patent Statute aim to control and limit the exclusive rights in patents if public interests require such limitations. The compulsory license would mainly be granted in order to foster competition, to improve product quality, or to reduce (monopoly) prices.

The fact that such provisions as art. 32 and 40 of the Swiss Patent Statute do not exist in the MSchG does not mean that formal and de facto expropriations are not possible or permitted regarding trademarks. It rather seems that the legislator did not discuss such issues concerning trademarks. Taken the legislative history, it seems that the legislator saw bigger risks of too much patent protection for the public interest, and in particular for the competition in the marketplace than it saw regarding trademarks. Art. 32 and 40 of the Swiss Patent Statute have therefore the aim to control or limit the exclusive rights (and the potential monopoly position in the marketplace) of patent owners.

- 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 above mentioned Federal Statute on the Protection of the Name and the Signs of the United Nation Organization and other Intergovernmental Organisations have implemented, among other legislations, the obligations set forth in the Paris Convention into Swiss law (see regarding that federal statute the answer to question 8 above).

Switzerland differentiates between provisions in international treaties that are detailed enough to being directly enforced without any implementation into the national law and provisions that must first be implemented in the national law.

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

Switzerland is a signatory of the WHO Framework Convention on Tobacco Control

("FCTC"). However, pursuant to the information contained on the website of the Swiss Health Office Switzerland has not ratified the FCTC yet.

Switzerland does generally only ratify international treaties if the national law can be amended accordingly and the obligations as set forth in the respective treaty have been or may be implemented into Swiss law.

Pursuant to the Swiss Health Office Swiss laws do not comply with the FCTC regarding the prohibition of sales to minors and regarding the restriction of tobacco advertising, promotion and sponsoring. It was planned to implement the respective prohibition and restrictions in the Swiss Federal Statute on Tobacco Products. Yet, the work on this legislation project has been stopped and it is not clear when it is continued (see the report with the title "Nationales Programm Tabak 2008-2012", p. 25 et seq. that can be downloaded from the website [www.bag.admin.ch](http://www.bag.admin.ch) – subsection "Tobacco").

- 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 Swiss Health Office is, as mentioned in our answer to question 12 above, of the opinion that art. 13 is not yet entirely implemented in the existing Swiss laws. This was the reason why Switzerland has not yet ratified the FCTC.

- 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?**

As mentioned, the FCTC must first be implemented in the national law (see our answer to question 12 above).

- 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.**

Swiss trademark laws do not provide for any provision expressly allowing a restriction or expropriation of trademarks and trademark rights based on overriding interests. This does, however, not mean that such expropriations or restrictions are excluded (see our answer to question 7 et seq.).

Regarding the restriction or de facto expropriation of registered, famous and well-known trademarks see in general our answer to question 8 above.

With regard to the public interest see answer to question 9 above.

With regard to the aspect of proportionality of restrictions or de facto expropriations of trademark rights, the following elements should be assessed in order to comply with the general principles of the Swiss Constitution on formal and de facto expropriation:

- i) Is the respective restriction or expropriation suitable in order to achieve the intended purpose?
- ii) Is the respective restriction or expropriation necessary or are there other appropriate measures to achieve the intended purpose?
- iii) Is the respective restriction or expropriation acceptable for the trademark owner with respect to his interest in maintaining the trademark protection and the right to use the respective sign?

With regard to the proportionality of potential Plain Packaging legal provisions, it should be kept in mind that the Swiss Constitution has the informed and mature citizen as a role model. Public health and the awareness of damages possibly caused by tobacco consumption are already and substantially supported by mandatory health warnings, declaration obligations, and several restrictions on price promotions and advertising.

Distinctive signs that enjoy legal protection under art. 3 lit. d UWG are not considered to be absolute proprietary rights protected by art. 26 of the Swiss Constitution. Restrictions regarding the use of such signs must, nonetheless, remain proportional and supported by legal provisions. Yet, the threshold for proportionality of restrictions is lower than the one regarding restrictions of trademark rights and the use of 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?**

In the cited Gallileo-case (answer to question 7) the called court came to the conclusion that the restrictions of the ownership rights were proportional because the trademark owner was still permitted to use his trademark.

However, the legal constellation may be different if a tobacco manufacturer is prohibited to use a registered trademark for its tobacco products. As a matter of fact, it cannot use its sign for any products other than tobacco as it does not manufacture them. So far, the restriction to its exclusive rights is an absolute and definitive one. It should therefore be further discussed on whether any potential Plain Packaging legal requirement does not completely void the constitutional property right in respect of trademark rights (on figurative and three-dimensional

trademarks) for tobacco 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?**

The owner of absolute intellectual property rights is eligible for compensation if its proprietary rights are formally or de facto expropriated (see art. 26 para. 2 of the Swiss Constitution). Plain Packaging should be discussed as a de facto expropriation. Owners of registered, famous (art. 15 MSchG) or well-known (art. 3 para. 2 lit. b MSchG and art. 6bis of the Paris Convention) trademarks are eligible for compensation in case of a de facto expropriation.

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

Pursuant to art. 26 para. 2 of the Swiss Constitution the trademark owner is granted the right for a "complete" compensation.

Because of the lack of precedents, it is difficult to identify standards for the calculation of compensation due in case of an expropriation or quasi-expropriation of trademark rights. Usually, the compensation is calculated based on the market value of the proprietary rights in case of a full expropriation. Alternatively, the compensation may include the difference between the market value without the restriction and the market value with the restriction.

- (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.**

Art. 190 of the Swiss Constitution says that courts may assess on whether a federal statute or a provision therein are constitutional, but that they must apply the respective federal statute or provisions therein even if they should be unconstitutional.

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

A registered trademark does not necessarily need to be cancelled if it becomes illegal because of the enactment of a federal statute prohibiting its use. However, the Swiss Intellectual Property Institute may delete registered trademarks pursuant to art. 35 MSchG ex officio if there is a public interest in their cancellation.

Furthermore, a third party may ask courts for cancellation of the non-valid trademark (because of the lack of use within the grace period set forth by art. 12

MSchG) based on art. 52 MSchG. Upon a respective court decision the Swiss Intellectual Property Institute must then delete the respective trademark based on art. 35 lit. c MSchG.

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

The consequence for a registered well-known trademark is the same as outlined above in our answers to questions 15f.

It is likely that an unregistered well-known trademark will over time lose its trademark protection if it is not anymore used. As a matter of fact, the grade of notoriety of a trademark is always dependent on its use.

**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.