

## Plain Packaging Questionnaire

**National Group:** Ukraine

### 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/commitees/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 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?

In terms of use of a trade mark, depending on goods/services for which the mark was registered, there may be some restrictions. In the context of this questionnaire, the restrictions related to advertising of tobacco and alcoholic products may apply.

- 2) What rights are derived from trademark registration?

The proprietor of the certificate shall be entitled the right to use the mark and exercise other rights: applying the mark on any goods for which the mark is registered, the package containing the goods, the signboard connected with the goods, a label, tab, or another items attached to the goods;

-storing such a goods with the mentioned application of the mark for the following offering for selling;

- offering the goods or selling, import and export;

-using the mark while offering or rendering any service for which the mark is registered;

-using the mark in business documentation or in advertising, and Internet;

- a mark is considered to be used if it was presented in the form of a registered mark

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

There are no specific provisions in Ukrainian legislation regulating use of the trademark without registration, except of the prior use right provision envisaged by the Civil Code of Ukraine. Namely, if the person/company has used the trademark in good faith or have made vast and serious preparations to start such use before the filing date or priority date – such person/company has a right to continue such use free of charge.

Furthermore, a person using a non-registered sign for goods/services may also rely on the provisions of the unfair competition laws.

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?

Ukrainian legislation does not require proving use or intention to use a trademark, which is applied for registration. Therefore, it is possible to obtain and maintain the registration for a trademark that is not used or intended to use. However, if the trademark is not during 3 consecutive years following its publication or any other further date it is a subject for cancellation action based on non-use.

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 scope of legal protection of both used and non-used marks is the same. However, the legal protection of marks that are not in use within three years from the date of registration of a mark (or from any other date since which the use was ceased) may be terminated by the court based on non-use cancellation action.

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

The Ukrainian laws governing trademark protection contain no provisions related to the grant of legal protection in respect of non-registered marks, except for the above-mentioned right of prior use, and the provisions related to the protection of well-known marks.

In terms of being able to rely on the unfair competition laws, protection of lawful interests related to certain signs is possible only in case of their use.

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

The Law of Ukraine “On measures to prevent and reduce the consumption of tobacco products and their harmful influence on the population’s health”, in particular, provides

for the following restrictions:

#### Article 10. Requirements concerning activities, related to production, wholesale and retail, export and import of tobacco products

It is forbidden to produce tobacco products (except produce for export) and import them for sale on the territory of Ukraine:

if their packages contain terms, inscriptions, trade marks, pictures, symbolic or other signs, which may mislead or create wrong impression about tobacco products properties, their effect on health; if they directly or indirectly misrepresent the fact that certain tobacco products are less harmful than other tobacco products, including such terms as “with low tar content”, “light”, “super light”, ultra light” and their analogues in other languages;

The producer of tobacco products is forbidden to place on the packages of tobacco products inserts, containing terms, inscriptions, trade marks, pictures, symbolic or other signs, which may mislead or create wrong impression in relation of tobacco products characteristics, their effect on health; if they directly or indirectly misrepresent the fact that certain tobacco products are less harmful than other tobacco products, including such terms as “with low tar content”, “light”, “super light”, ultra light” and their analogues in other languages;

#### Article 16. Prohibition of Advertising, Promotion of the Sale and Sponsorship of Tobacco Products

Prohibited are any advertising and promotion of the sale of tobacco products, trademarks for goods and services, other objects of intellectual property rights, under which tobacco products are issued, including:

holding free events, including for marketing research and tasting, exchange of tobacco products for tobacco products or any other goods, work, services;

use of tobacco products to obtain goods, work, services; offering or providing any direct or indirect reimbursement for the purchase or use of tobacco products;

offering or providing bonuses, prizes, return of cash, rights to participate in any games, lotteries, competitions, actions, directly or indirectly associated with tobacco products, or if a condition of the provision or participation in which is the purchase or use of tobacco products;

the sale of tobacco products in a package with any other goods or services;

placement of information on the manufacturer of tobacco products and/or tobacco products in places where these products are sold or provided to the consumer, including on the elements of the equipment and/or decoration of a trading venue, with the exclusion of one poster no larger than 40 x 30 cm on one trading venue site, in which text information is provided on tobacco products offered for sale and their prices;

placement of information to promote the sale of tobacco directly on tobacco products and/or their packages, including: pictures and other images, which are not a part of the protected trademark; the address of websites, email; inserts attached to the package of

tobacco products; text or graphic information on the transparent wrapper of the tobacco product package;

placement of information on tobacco products, trademarks for goods and services, other objects of intellectual property rights, under which tobacco products are issued, in places where recreational events are held, in places where retail trade is conducted, on vehicles and equipment;

sending messages by mail, email, messages to mobile telephones, dissemination of video discs, video materials, compact discs, computer and other games, placement of information on the Internet in order to promote the sale of tobacco products;

the sale, offer for sale, supply or advertising of non-tobacco products, services, the advertising or packaging of which contains an inscription, picture or any other image, message, which is completely or partially identified or associated with a tobacco product, a trademark for tobacco goods or services or with the manufacturer of tobacco products; and

other measures for the direct or indirect promotion of the sale of tobacco products and the use of tobacco.

Tobacco sponsorship is prohibited, including:

the sponsorship of television broadcasts, radio broadcasts, theater and concert events, sports and other events, programs and individuals or sponsorship using trademarks for the goods and services, other objects of intellectual property rights under which tobacco products are issued.

A number of restrictions for advertising tobacco and alcoholic products are also set forth by the Law of Ukraine "On Advertising".

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.

In accordance with the provisions of the Constitution of Ukraine and the Civil Code any kind of property might be involuntary expropriated by the state only as an exception due to the social necessity reasons on the basis of exceptional grounds and providing prior and full indemnification of the value of such property. In accordance with current Ukrainian legislation such exceptional conditions are: military or public emergency.

At the same time, the current Ukrainian trademark laws do not contain any provisions and procedures regarding expropriation of trademark rights.

As far as non-registered signs are concerned, no intellectual property rights arise in such

signs.

- 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

The public interest in imposing the mentioned restrictions mentioned in item 7) lies in public health concerns.

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

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- 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 restrictions mentioned in item 7) are based on national public initiatives and the requirements of the WHO Framework Convention on Tobacco Control ("FCTC").

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

Yes, Ukraine is a member of Framework Convention on Tobacco Control, ratified on June 6, 2006, entered into force on September 4, 2006.

- 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.

In particular, fulfilling the obligations under the FCTC, respective revisions were implemented in the above-mentioned laws, namely in the Law of Ukraine "On measures to prevent and reduce the consumption of tobacco products and their harmful influence on the population's health" and the Law of Ukraine "On Advertising".

Article 11 of FCTC is implemented in Articles 10 and 12 of the Law of Ukraine "On measures to prevent and reduce the consumption of tobacco products and their harmful influence on the population's health".

Article 11 of the FCTC is implemented in Article 16 of the Law of Ukraine "On measures to prevent and reduce the consumption of tobacco products and their harmful influence on the population's health" and in Article 22 of the Law of Ukraine "On Advertising".



- 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?

The domestic legislation is required to be harmonized with the provisions of FCTC.

- 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/Expropriation.
  - (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?

As mentioned above, the restrictions pertaining to the use of trademarks registered for alcoholic and tobacco products mentioned in item 7) are based on public health concerns.

There are also restrictions related to advertising of certain categories of goods (such as weapon, medicines and health products) which are based on considerations for national security and public health.

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?

- (c) If compensation is available, how is it calculated?
- (d) 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.
- (e) In the event of Restriction/Expropriation, could a trademark remain registered?
- (f) If yes, what is the consequence of any Restriction/Expropriation on a well known trademark that was registered prior to the Restriction/Expropriation?

Ukrainian legislation contains provisions on the consequences of termination of the ownership due to the owner's loss of the right to own property caused by specific restrictions envisaged by the law. In that case the owner should sell the property within a prescribed term. If the owner failed to sell the property within the term envisaged, the property would be sold or the ownership would be transferred to the state upon request of a state body and on the ground of a court ruling. In case the owner sells the property

he is entitled to the compensation in the amount of paid price for the property, excluding disbursements. If the property rights are transferred to the state, the court will determine the amount of compensation on its own discretion.

There are no clear provisions regulating cases where the ownership is preserved and the scope of use thereof, if the property is limited. In certain cases bilateral agreements of Ukraine on mutual protection of investments should be referred to.

At the same time, as mentioned above, the current Ukrainian trademark laws do not contain provisions and procedures for expropriation of trademark rights. The same is the case with compensations related to restrictions set forth by current legislation and listed in item 7).

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.

Implementing a plain packaging regime for a specific class or classes of products would, most likely, require amending the national trademark law, the laws governing manufacture and restriction of consumption of tobacco products, as well as the advertising law.

(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?

Please see the answers to the item 15 and comments to the point (c-f) below.

(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.

Any claims against restrictions will be based mostly on the grounds of article 1 of the First protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms of March 20, 1952. The practice of the courts regarding the cases when gambling games were banned in Ukraine and when business owners demanded compensations shows that the state manages to avoid giving such

compensations and cover losses –  
<http://reestr.court.gov.ua/Review/17323341>; <http://reestr.court.gov.ua/Review/11413915>; <http://reestr.court.gov.ua/Review/32530874> Due to that we expect that the same outcome will be in cases related to restrictions/expropriations of IP rights, unless they are challenged before the European Court of Human Rights or International Center for Settlement of Investment Disputes.

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**Ukrainian National Group of AIPPI**