

Response to Plain Packaging Questionnaire from UK 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?

No. As regards (a) see the express provision in Art 7 of the Paris Convention, re-confirmed by Art 2.1 of TRIPS; also Art 15.4 of TRIPS. As regards (b), there is nothing in the Paris Convention or TRIPS that is inconsistent with the right to use a trade mark, whatever goods or services are covered. See also the responses to Q (2).

2) What rights are derived from trademark registration?

Traditionally, the right derived from registration was an 'exclusive' right, to prevent the use of a conflicting mark, the scope of the right depending on the provisions of the relevant trade mark law. However it is considered that the notion, that the valid registration of a trade mark does not also carry a right to use the mark for the goods and services covered, is now out of date and incompatible with the recognition of a registered trade mark as a right of property.

The CTMR, Section 4, contains detailed provisions relating to the concept of a CTM as a right of property. Although there are no corresponding provisions in the current Harmonisation Directive (there are such provisions in the proposed new Directive), the UK Trade Marks Act 1994, s. 2.1 provides that a registered trade mark is a right of property, and ss 22 *et seq* contain provisions regarding registered trade marks as rights of property.

The European Convention of Human Rights, First Protocol, Art. 1, protects rights of property, and the European Court of Human Rights has (in the *Anheuser-Busch* case) recognised registered trade marks (and applications for registration) as rights of property. In the European Union, property rights are protected under The Charter of Fundamental Rights of the European Union, Art. 17. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. There is a 'public interest' exception (which is not further defined), which is subject to payment of fair compensation for loss. To put the position of trade marks beyond doubt, Art 17.2 provides: "Intellectual property shall be protected".

In the light of these provisions, it is considered that it is no longer possible to conclude that ownership of a valid registered trade mark does not carry with it a right to use the mark for the goods and services covered. Any other view would also be inconsistent

with Art. 20 of TRIPS, prohibiting the imposition of unjustifiable encumbrances on the use of a trade 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?

Under English law (and also under the laws of Scotland and Northern Ireland, and the Irish Republic), rights in a trade mark that is used but not registered are protected by the Common Law action for passing off. Use of a trade mark in a business generates a reputation, and a goodwill, which the law protects against a misrepresentation. A third party can be prevented from making a misrepresentation, to the effect that his goods or services are those of the owner of the business or are connected with him. There is no doubt that the 'goodwill' in a business is property, which can be bought or sold, or licensed or otherwise dealt with, like any other property.

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?

(i) It is possible to obtain registration of a trade mark that is not used (both as a CTM and as a national registration in the UK) provided of course that the mark fulfils the requirements for registration, in particular distinctiveness. Such a registration, if validly acquired can be maintained without use, for a period of 5 years from the date on which the mark was registered; after that time, in order to maintain the registration the proprietor must prove that there were proper reasons for the failure to use

(ii) If a registration is obtained of a trade mark that is not intended to be used, the position is unclear. In the UK, S 32(3) of the Trade Marks Act 1994 requires an applicant for registration to state, in the application form, that the trade mark is being used by him in relation to the goods and services concerned, or that he has a *bona fide* intention that it should be so used. Doubts have been expressed as to the validity of the requirement under the Harmonisation Directive, although the position in this respect may change under the proposed new Directive. However a registration of a trade mark, without any *bona fide* intention to use, may well be found to have been obtained by 'bad faith' and be invalid on that ground.

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

Where a mark that has not been used is registered, and the registration is not open to attack on grounds of non-use, bad faith, etc., the rights derived from the registration are essentially the same as those for a trade mark that is used. However the protection given to a registered mark that is used can be broader, because of the provisions (in the Directive and the CTM Regulation) relating to marks having a 'reputation'.

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

Generally yes. See the reply to question (3). However where a mark has been in use, but use has ceased, there are decisions of English courts to the effect that a 'residual' reputation may be protected under the law of passing off.

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.

Such use may be restricted if they infringe third party trade mark rights (either an earlier registered trade mark of an unregistered mark protected under the Common law of passing off if the requirements of that law are fulfilled). Ownership of a registered trade mark is not in itself a defence to a claim by a third party for registered trade mark infringement or passing off in respect of the use of that mark.

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)?

Not under any existing law. Historically, in times of war there have been 'emergency laws' providing for the expropriation of 'enemy property', but no such laws are now in force. Any such measure could only be introduced by Act of Parliament, and would have to be compatible with Treaty Provisions, such as TRIPS, the TBT (Technical Barriers to Trade) Agreement, the ECHR and the Charter of Fundamental Rights of the European Union.

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

The relevant treaty provisions do contain 'public interest' exceptions. But it seems clear that any 'public interest must be proved by appropriate evidence. This appears to have been the approach of the United States Court of Appeals in *R>J> Reynolds*

Tobacco Company et al v Food & Drug Administration et al (No 11-5332, decided August 24, 2012).

Specific mention may be made of certain provisions of TRIPS. Art. 8 allows Members, in formulating or amending their laws and regulations, to adopt measures “necessary to protect public health”, but only provided that “such measures are consistent with the provisions [of TRIPS]”. Therefore such measures can only be adopted if they comply with other provisions, in particular Art. 20, which provides that the “use of a trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form or use in a manner detrimental to its capacity to distinguish the goods or services of one undertaking from those of other undertakings”. Thus any such encumbrance must be ‘justified’.

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

To the very limited extent that the response to (7) and (8) is ‘yes’, trade marks are not in any material respect different from any other intellectual property rights.

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 further comment needed, save to say that the UK is a party to all the treaties that have been mentioned. In the UK the provisions of treaties are not self-enforcing; they are not automatically imported into national law. Parliamentary legislation is required.

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

Yes to both.

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.

as explained under (11), the provisions are not at this time part of UK law. Therefore the ‘Guidelines’ to which reference was made (for example) in the UK Government Consultation of 2013 on ‘Standardised packaging’, have not been introduced into UK law and are not legally binding.

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?

No. See 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).

No, save to the extent that some such measure are ultimately shown to be justified and in accordance with such provisions as TRIPS Art 20, referred to above.

(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.

Any public interest would, it is thought, need to be demonstrated, and measures would have to be proportional.

(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?

Probably not, if the public interest is established.

(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?

It would seem clear that compensation would be required, under the Charter of Fundamental Rights of the European Union, Art 17, referred to above. Although the provisions of TRIPS and the ECHR do not expressly mention compensation, it is considered that compensation would be payable.

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

No information is available regarding this question.

(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.

None known

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

Probably, on the basis that there would be 'proper reasons' for non-use. Any legislation imposing restrictions or expropriation could also contain special provisions to ensure that the trade marks concerned could remain registered.

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

See response to (15).

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.

There would have to be special Parliamentary legislation for the purpose. This would not be achieved through amending existing trade mark legislation, although as mentioned above, the special law might contain some amendments to trade mark legislation.

(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?

Any special legislation need not contain provisions for compensation, but this would not prevent those affected from seeking compensation under the relevant treaties.

(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.

Probably no other remedies than compensation if applicable.

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