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By email to: s.registrator@regeringskansliet.se and s.fs@regeringskansliet.se
Reference Ministry's registration number S2016/01610/FS

Re: INTA comments on Swedish proposal of introducing plain packaging for tobacco products included in the “Review of the Swedish Tobacco Act – Next Steps towards Reduced Tobacco Consumption”, of February 2016 put forward by the Swedish Tobacco Directive Inquiry

Dear Madame/ Sir,

The International Trademark Association (INTA) is a global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's primary strategic direction is to advocate for the vigorous enforcement of strong laws that provide protection for trademarks so that: (1) trademark owners can market their goods and services with confidence and protect consumers from counterfeits and other unauthorized products; and (2) customers and consumers can rely on trademarks to differentiate sources of goods and services in the marketplace.

Our membership includes more than 6,700 trademark owners and professional firms spanning all fields of commerce and industry from more than 190 countries throughout the world, including Sweden and all other EU Member States. Headquartered in New York City, INTA also has offices in Singapore, Shanghai, Brussels and Washington D.C. and representatives in Geneva and New Delhi.

INTA makes this submission on behalf of all its members and speaks only on the potential implications for trademark rights, taking no position on the public health issues with regard to tobacco consumption.

Summary remarks

Trademarks are a vital aspect of the global economy and serve an important function in the European marketplace. Trademarks are used on virtually every type of product to indicate a product's origin and to guarantee the consistency of its quality to consumers. In addition to being an important aspect of the daily life of consumers, trademarks are economically crucial as they facilitate trade and promote innovation and competition. **Trademark-intensive industries account for nearly 23.4% of all direct jobs in Sweden and for 32.5% of Swedish GDP¹.** An

¹ http://ec.europa.eu/internal_market/intellectual-property/docs/joint-report-epo-ohim-final-version_en.pdf

efficient protection of trademarks is therefore crucial to protect consumers and the business community.

INTA cautions against legislation that prohibits or severely restricts the use of trademarks and prevents them from fulfilling their functions in the marketplace to the detriment of consumers, trademark owners, and competition as such.

Accordingly, INTA is opposed to prohibiting the use of trademarks through full standardization of packaging (i.e. plain packaging), and is concerned about the conclusions of the Swedish Tobacco Directive Inquiry expressed in “Review of the Swedish Tobacco Act – Next Steps towards Reduced Tobacco Consumption”, hereinafter named “Review”, of February 2016.

The Review concludes: “Tobacco consumption in Sweden may be expected to decrease if a requirement that tobacco must be sold in plain packaging is introduced. Such a requirement is therefore justified in terms of tobacco policy. A requirement that tobacco can only be sold in plain packaging should be considered compatible with the European Convention on Human Rights, trademark law, design rights, WTO law and EU law, but not with provisions in the Swedish Freedom of the Press Regulation. Consequently, plain tobacco packaging can only be introduced if the Freedom of the Press Regulation is amended. At present therefore, a requirement for plain tobacco packaging should not be introduced.” (Section 10.7, page 320)

In this context, INTA stresses that, while plain packaging legislation would still allow the use of word marks on packages, the restriction of the use of marks a prescribed unitary form, not corresponding to their intended registered graphic representation, and the prevention of the rights holders from using any of their other registered trademarks as well as other design elements, which in turn could cause consumer confusion, are non-compliant with the European trademark law and the international treaties signed by Sweden.

This is not the first time INTA has submitted its opposition to plain packaging measures. INTA has submitted comments² outlining its concerns on plain packaging when similar proposals have arisen in other jurisdictions, including Australia, the European Union, Israel, Thailand, Slovenia, Hungary and the United Kingdom.

In line with our previous statements, INTA offers the following further specific observations to the conclusion of the Review and the potential adoption of plain packaging in Sweden:

1. Plain packaging infringes the European Union Trade Mark Regulation and Community Design Regulation. It also impairs the different functions of trademarks in Sweden and undermines the EU’s internal market principles.
2. The Swedish proposal for plain packaging violates fundamental rights of trademark owners and consumers under European Law. Plain packaging constitutes an impairment of property rights under the Charter of Fundamental Rights of the European Union (Charter)³, the jurisprudence of the European Court of Human Rights (ECtHR) under the European Convention of Human Rights

² See at <http://www.inta.org/Advocacy/Pages/Testimony.aspx>

³ See Article 17(2) of the Charter of Fundamental Rights of the European Union.

(European Convention)⁴ and the Swedish IP Law. The Swedish proposal of plain packaging also impairs commercial free speech rights.

3. The adoption of plain packaging in Sweden would set a dangerous precedent for adoption of similar measures to other products and industries.

4. The implementation of plain packaging in Sweden risks increasing illicit trade.

5. The adaption of plain packaging in Sweden is contrary to international trade agreements that Sweden signed, such as the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention for the Protection of Industrial Property.

Specific observations

1. The introduction of plain packaging for tobacco products in Sweden does not comply with the European Union Trade Mark and the Community Design Regulations and would impair the functions of trademarks in Sweden

The adoption of plain packaging in Sweden would directly infringe the European Union Trade Mark Regulation (EUTMR)⁵ and the Regulation on the Community Design (CDR)⁶ and would undermine the internal market principles that those regulations pursue.

According to Article 1(2) EUTMR, a European Union (EU) trademark has a unitary character. This means that the EU trademark shall have equal effect throughout the EU and its use may not be prohibited save in respect of the whole EU. Article 1(2) of CDR provides the same for Community designs. The adoption of plain packaging for tobacco products would prohibit the use of numerous EU and national trademarks as well as Community designs in a single Member State, namely Sweden. Such provisions would be directly violating Article 1(2) of the above-mentioned Regulations.

EU trademarks and Community designs are important internal market instruments. Recital 2 EUTMR describes the purpose of the EU trademark as follows: “... *to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. ... trademarks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.*”

⁴ ECtHR, *Anheuser-Busch v. Portugal*, of 11 January 2007, paragraph 72: “*In the light of the above-mentioned decisions, the Grand Chamber agrees with the Chamber's conclusion that Article 1 of Protocol No. 1 is applicable to intellectual property as such.*”

⁵ Council Regulation (EC) No 207/2009 on the Community trade mark (<http://ow.ly/zUO42>), amended by Regulation (EU) 2015/2424 (<http://ow.ly/10dua6>).

⁶ Council Regulation (EC) No 6/2002 on Community designs (<http://ow.ly/zUObT>).

Recital 4 further explains: “... *In order to open up unrestricted economic activity in the whole of the internal market for the benefit of undertakings, trademarks should be created which are governed by a uniform Community law directly applicable in all Member States.* ”

The introduction of plain packaging by Sweden would therefore directly undermines the internal market purpose that the EU trademark system is designed to serve. The Review mentions that the EU trademark legislation does not provide for an explicit right to use the registered trademarks (Section 10.7.6 page 328), and that the Swedish Trademark Law regulates only the exclusive right to prevent third parties from using an identical or confusingly similar mark in a business activity. INTA believes that such arguments oversimplify the legal regime of trademarks. Trademark law is to be taken into consideration in its entirety, and not chapter by chapter. While trademark owners have the right to enforce their rights against third parties, they are also sanctioned if they do not use their mark during a set period.

This view is also supported by the Swedish Patent and Registration Office (Sw: Patent- och registreringsverket, the “PTO”) in its comment on the Review dated 16 June 2016. The PTO stated that it was doubtful whether the Review had sufficient support for its conclusion that the proposal was compliant with trademark law and did not share the Review’s interpretation of the EU case law it referred to. The PTO submitted that there was a risk that both Swedish and international trademark rights would be violated through the introduction of plain packaging.

A plain packaging proposal would completely ban the use of most of the trademarks associated with tobacco products and it would force the owners to use the remaining ones in a manner not necessarily supporting the function of the trademark, respectively to differentiate between various products and to serve as source of origin.

The plain packaging proposal in Sweden would create the need for trademark owners to provide different packaging in Sweden than elsewhere in the EU, thereby creating a specific national requirement that substantially impacts upon the free movement of goods within the EU as a whole.

Plain packaging implemented at national level will distort inter-brand competition within the Internal Market by removing or restricting many of the elements that manufacturers use to differentiate their products from other manufacturers. Plain packaging would reduce package, product and brand differentiation, and would restrict manufacturers’ ability to innovate across either the product or the packaging. This will lead to reduced competition and increased barriers to entry, as it is increasingly difficult for new brands to enter the market without an ability to differentiate their offering from existing brands. Both the reduction of brand differentiation and the difficulty for new brands to enter a market were mentioned as expected consequences of plain packaging in the Commission’s Impact Assessment⁷. INTA believes that manufacturers should benefit from the use of all aspects of their trademark rights in order to compete with one another, and that there should be the same freedom to do so across all EU Member States.

Reduction of brand differentiation also impacts consumers. Trademarks are not only words, names and logos, but can also be colours or the very shape or design of the package itself (trade dress). Any graphical component that adds to the distinctiveness of a product can be registered as a trademark, thereby playing an integral role in facilitating consumer choice by distinguishing one product they know and trust from products of another entity. The adoption of plain packaging

⁷ Commission’s impact assessment accompanying the document proposal for a directive of the European Parliament and of the Council: SWD(2012) 452 final, pages 92 and 93 (<http://ow.ly/10duN3>).

in Sweden would make it extremely difficult to distinguish one brand from another, thereby seriously limiting consumers' ability to buy the product of their choice.

Furthermore, trademarks indicate the source of goods and/or services and assure consumers of the consistency of a product's quality and proper accountability. This fundamental function could not be effectively fulfilled if registered trademarks were banned from packaging, or if such trademarks were only permitted in a prescribed, standardized form that does not correspond to the intended registered graphic representation of such trademarks.

A deprivation of this function constitutes a violation of the EU's internal market principles and law. The Court of Justice of the European Union (CJEU) has frequently held that trademarks are "*an essential element in the system of undistorted competition which the Treaty seeks to establish and maintain. Under such a system, an undertaking must be in a position to keep its customers by virtue of the quality of its products and services, something that is possible only if there are distinctive marks, which enable customers to identify those products and services. For the trademark to be able to fulfil this role, it must offer a guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for their quality.*"⁸

As the CJEU has recognized, trademarks also perform other functions such as those of communication⁹ designed to inform consumers¹⁰, and of investment¹¹. All these functions are, in the words of the Advocate General Jacobs, "*values which deserve protection as such*"¹², but are disregarded by any proposals for plain packaging.

In a recent case, the CJEU stated that the Member States "*may introduce further requirements in relation to aspects of the packaging of tobacco products which are not harmonised by that directive*" (Directive 2014/40/EU on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco)¹³. However, such measures may not exceed the limits of what is necessary in order to achieve those objectives and must not be disproportionate to the aims pursued. While, from this perspective, prominent health warnings, as introduced by the said directive, are acceptable for the CJEU (since they "still allow for adequate opportunities for product differentiation" and "for a sufficient space for [communicating information about the product concerned to consumers] on the unit packets"), the same could not be definitely stated in respect of such an extreme measure as plain packaging (which, as such, was not the subject of the CJEU examination in the case at issue). In case of Sweden, plain packaging would be a disproportionate measure, depriving trademark owners of the right to use their trademarks in perpetuity (i.e. to differentiate their products from those of other entrepreneurs and to communicate information about their products to consumers), in absence of concrete evidence that this is the only measure to curb tobacco consumption and before other measures are implemented and given time to show results.

⁸ See, *inter alia*, CJEU Case C-10/89, *SA CNL-SUCAL NV v HAG GF AG*, [1990] ECR I-03711, paragraph 13.

⁹ See, for example, Case C-487/07, *L'Oreal v. Bellure*, [2009] ECR I-05185, paragraph 58.

¹⁰ Joined Cases C-236/08 to C-238/08, *Google et. al.*, [2010] ECR I-02417, paragraph 91.

¹¹ See, for example, Case C-487/07, *L'Oreal v. Bellure*, paragraph 58; Joined Cases C-236/08 to C-238/08, *Google et. al.*, paragraph 91; Case C-323/09, *Interflora*, [2011] ECR I-08625, paragraph 39.

¹² Opinion of the Advocate General Jacobs delivered on 29 April 1997, Case C-337/95, *Christian Dior*, [1997] ECR I-06013, paragraph 41.

¹³ See Case C-547/14 *Philip Morris Brands SARL and Others v Secretary of State for Health*.

2. A plain packaging proposal would violate fundamental rights of trademark owners and consumers under European Law

Firstly, the adoption of plain packaging would effectively deprive trademark owners of their property rights.

The European Court of Human Rights (ECtHR) has confirmed that intellectual property, including trademarks, is covered by the right of property¹⁴, and the Lisbon Treaty proclaims that the European Convention for the Protection of Human Rights and Fundamental Freedoms of the Council of Europe (ECHR) shall constitute the general principles of the Union's law¹⁵.

RF contains (Chapter 2, Section 15, first paragraph) a provision that guarantees that every citizens' property is safeguarded and that no-one can be forced to relinquish their property to the public or an individual through expropriation or other such disposition [...] except where necessary to meet urgent public interests. As mentioned in the Review, the principle of proportionality needs to be applied when weighting the urgent public interest versus the right of property.

Plain packaging would deprive trademark owners of the use of their property in their established trademark rights. Accordingly, plain packaging also infringes the right to property protected by Article 17 of the Charter of Fundamental Rights of the European Union and by Article 1 Protocol 1 of the ECHR. Therefore, failure to protect intellectual property would constitute a breach of EU Treaty principles.

As Advocate General Capotorti explained in the famous *Hauer* case as early as 1979,¹⁶ considerations in assessing whether an interference with property amounts to a deprivation are: "the extent to which the prohibitions have ... precluded ... enjoyment of [the] right" and the "scale of the economic sacrifice of the person to whom the measure is addressed" and whether the property "is deprived of any appreciable economic value." The ECtHR has similarly held that an interference with property rights amounts to a deprivation where the measure takes away "all meaningful use of the propert[y] in question"¹⁷.

Thus, the adoption of plain packaging would render the affected trademarks meaningless. It would deprive trademarks for tobacco products of all their accepted functions, including guaranteeing the identity of origin of the marked goods or services to the consumer or end user, which constitutes the essential function of trademarks.¹⁸ The affected trademarks could not carry out any of their functions, as they could no longer be *used*.

Article 12 of the EU Trade Marks Directive explicitly requires: "*A trademark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and*

¹⁴ See ECHR case law "*Anheuser Bush vs. Portugal*, GC 73049/01, judgement of 11 January 2007.

¹⁵ Article 6(3) TEU.

¹⁶ Opinion of the Advocate General Capotorti delivered on 8 November 1979, Case 44/79, *Hauer*, paragraph 8.

¹⁷ ECtHR *Fredin v. Sweden* (No 1), of 18 February 1991, paragraph 45.

¹⁸ See for example: CJEU Case C-206/01, *Arsenal Football Club*, [2003] ECR I-10273, paragraph 48.

*there are no proper reasons for non-use.*¹⁹ Article 19 of the new EU Trade Marks Directive²⁰ to become effective as of 15 January 2019 includes identical requirement.

Should plain packaging be adopted, trademark owners will not be allowed to use their trademarks on tobacco products, making tobacco trademarks susceptible for cancellation for non-use as trademark owners will lose their trademark rights on tobacco products due to the proposed legislation. This would mean that tobacco brands cease to exist and become public domain, which could be seen as indirect nationalisation. The nationalisation of foreign-owned property “*shall be based on grounds or reasons of public utility, security or the national interest which are recognized as overriding purely individual or private interests, both domestic and foreign. In such cases the owner shall be paid appropriate compensation, in accordance with the rules in force in the State taking such measures in the exercise of its sovereignty and in accordance with international law.*”²¹

At the same time, as noticed in the Review, the introduction of plain packaging in the legislation may be considered “proper reason for non-use”. Yet, in this case, the final effect would be the same, as trademark owners would have trademark rights only in theory and not in practice, even if they lawfully obtained their trademark registrations, and in connection with products that are lawfully sold in Sweden.

The Review, while indicating that a potential plain packaging measure may still allow the use of trademarks on the packaging in wholesale trade, invoices and other business documents, recognizes that such use would be so restrictive that “it would not be possible to make genuine use of such trademarks for tobacco products” (the Review, page 331 and 332).

At the renewal date, should the trademark owners decide to pay the renewal fees, they would be in possession of registered trademarks, which they cannot use and is doubtful they could enforce. In this scenario, an obvious commercial decision would be not to renew the impacted trademarks, and such a decision may be qualified as forceful divesting of property, indirectly equal to voluntary expropriation.

The Swedish Trademark Law (Chapter 1 Section 7 VML) regulates unregistered trademarks established through use, an area not harmonized with the EU law. Under the said rule, a designation may obtain exclusive rights similar to registered trademarks if the designation is known for the goods or services supplied under it within a significant part of the relevant public to which it is addressed (the sales circle). In a plain packaging environment, establishing such unregistered rights will no longer be possible, and thus, trademark owners may be further deprived from acquiring additional rights, and the already established marks in Sweden would lose their protection in time.

Plain packaging in Sweden would also interfere with trademark owners’ freedom of expression and consumers’ corresponding right to receive information. Article 10 of the ECHR and Article 11 of the Charter protect the freedom of expression. Trademarks serve a communication function in

¹⁹ Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trademarks (<http://ow.ly/10dWxp>). See also Recital 9 of the Directive which states: “*it is essential to require that registered trademarks must actually be used or, if not used, be subject to revocation.*”

²⁰ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (<http://ow.ly/10dWoh>).

²¹ UN General Assembly Resolution 1803 (XVII) on *Permanent Sovereignty over Natural Resources* (1962).

allowing trademark owners to communicate the qualities of their products by means of their trademarks. Such differentiation between the tobacco brands, however, would be prevented in a plain packaging environment, and thus would be in violation of fundamental rights of consumers. Additionally, as the Review proposes advertising and display bans, the only possibility of expression remains the packaging of the tobacco products, where the space available on the pack has already shrunk due to the Tobacco Product Directive and the increase graphical health warnings.

The European Court of Human Rights (ECtHR) has held that the right to freedom of expression also protects commercial free speech. In *Germany v European Parliament* (Case C-376/98), Advocate General Fennelly noted that the effect of the ECtHR's jurisprudence²² was that freedom of speech protected "*the provision of information, expression of ideas or communication of images as part of the promotion of a commercial activity and the concomitant right to receive such communications*".

Trademark owners' freedom of expression would be denied in a plain packaging environment, as it compels them to carry a message against their will that would entirely supplant the trade dress, logos and other brand imagery, and is intended to be detrimental to the sales of their goods. Plain packaging is not a mere health or safety warning; nor is it intended to prevent false advertising. Instead, plain packaging would completely cover the entire surface area of the package but for one small mention of the brand name. Much less restrictive requirements have been rejected in the United States on freedom of speech grounds in the case of *RJ Reynolds Tobacco Co. v. Food and Drug Administration*, 696 F.3d 1205, 1208 (D.C. Cir, 2012)²³.

3. A plain packaging proposal in Sweden sets a dangerous precedent for other products and industries

Intellectual property rights such as trademarks contribute significantly to economic growth. According to an extensive study jointly conducted by the European Patent Office and the Office for Harmonisation in the Internal Market, approximately 50% of industries in the EU are IP-intensive.²⁴ These industries generate almost 39% of total economic activity (GDP) in the EU, worth EUR 4.7 trillion, and directly support 26% (56 million) of all jobs in the EU. The study found that trademark-intensive industries are responsible for the highest shares of both employment and GDP contribution. The former Internal Market and Services Commissioner Michel Barnier said, in reaction to the study: "I am convinced that intellectual property rights play a hugely important role in stimulating innovation and creativity, and I welcome the publication of this study which confirms that the promotion of IPR is a matter of growth and jobs."²⁵

²² E.g., *Casado Coca v Spain* [1994] ECHR 8 and Markt-Intern.

²³ [http://www.cadc.uscourts.gov/internet/opinions.nsf/4C0311C78EB11C5785257A64004EBFB5/\\$file/11-5332-1391191.pdf](http://www.cadc.uscourts.gov/internet/opinions.nsf/4C0311C78EB11C5785257A64004EBFB5/$file/11-5332-1391191.pdf)

²⁴ European Patent Office and Office for Harmonization in the Internal Market, Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union; Industry-Level Analysis Report, September 2013.

²⁵ Press Release of the European Commission of 30 September 2013, Intellectual Property Rights: study indicates that roughly 35% of jobs in the EU rely on IPR-intensive industries, available at http://europa.eu/rapid/press-release_IP-13-889_en.htm.

A plain packaging proposal unduly restricts trademark rights and thereby endangers economic growth and jobs. INTA is concerned that prohibiting the use of trademarks for tobacco products sets a dangerous legislative precedent, including for Swedish branded products exported abroad. It is also likely to trigger calls for further regulations restricting or banning the use of trademarks on other products. There are already indications that the Australian plain packaging law has led other countries to consider similar regulations for other industries. South Africa, for example, has already restricted the use of certain trademarks for infant milk.²⁶

There is a real danger that plain packaging requirements on tobacco products may be the harbinger for the global erosion of trademark rights across other industries in violation of fundamental rights of trademark owners and to the detriment of consumers.

4. Plain packaging in Sweden risks increasing illicit trade

As an intellectual property organisation, INTA is very concerned by the issue of illicit trade regardless of the industry affected. INTA is concerned that overly standardizing or restricting the labelling or packaging of products will facilitate the spread of counterfeit products by making them easier to produce and more difficult to detect.

The illicit trade in tobacco is a major problem in Europe. The EU customs enforcement of IPR Report in 2014, from 31 July 2014, stresses that customs authorities in the EU detained more than 35.5 million items suspected of violating intellectual property rights in 2014. Figures on tobacco smuggling (number of cases, articles and retail value of original goods) are included in this report²⁷.

Illicit trade affects not only rights holders and the IP community but also society at large. Indeed, many of the protagonists involved in illicit trade in Europe also commit other IP crime offences and serious non-IP related crime such as smuggling drugs and money laundering. This makes it an issue of much broader societal concern. There is evidence that, following the introduction of plain packaging in Australia in October 2012, illicit trade in cigarettes in Australia has increased by almost 20% between 2012 and 2013.²⁸

5. A plain packaging proposal in Sweden is contrary to international trade agreements

A plain packaging proposal would violate the trademark provisions of the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS") and the Paris Convention²⁹.

Plain packaging is an unjustifiable encumbrance on the use of trademarks. Article 20 of TRIPS provides that there shall not be an unjustifiable encumbrance "by special requirement" in the use of a trademark. Plain packaging would constitute an encumbrance on the use of the trademark and the issue is, therefore, whether it is justifiable or not. In this respect, Article 8.1 of TRIPS provides some guidance, allowing measures, which are "necessary to protect public health... provided that such measures are consistent with the provisions of [TRIPS]". However, this

²⁶ South Africa Department of Health, Regulation relating to foodstuff for infants and young children, No. R. 991, of 6 December 2012.

²⁷ <http://ow.ly/10dvKp>

²⁸ KPMG (2014), Illicit tobacco in Australia, Full Year Report.

²⁹ See the Opinion of the Committee on Legal Affairs of the European Parliament (<http://ow.ly/10dvIE>)

proposal does not appear to qualify for this exception, as it seems that none of the TRIPS member states was able to date to demonstrate that plain packaging meets the test under Article 8.

Consequently, plain packaging would be inconsistent with TRIPS and would constitute an unjustified encumbrance in breach of Article 20. Moreover, the effectiveness of plain packaging on tobacco consumption does not seem to be supported by real-life evidence³⁰. Additionally, the Review takes into consideration the implementation of other measures in Sweden, which may lead to a reduction of the smoking incidence, such as licensing, display bans, smoking bans, increased health warnings, prohibition of certain problematic marks on the tobacco products packaging.

Plain packaging would defeat the purpose of registering or maintaining the registration for tobacco trademarks, as there is little value for trademark proprietors to register a trademark they will be unable to use or enforce. Plain packaging could also result in the invalidation of existing tobacco trademarks, in breach of Article 7 of the Paris Convention and Article 15(4) of TRIPS. Article 7 of the Paris Convention and its equivalent Article 15(4) of TRIPs provide that “the nature of the goods” shall not form an obstacle to the registration of trademarks. Both the Paris Convention and TRIPS regulate the registration of trademarks not for the sake of registration itself, but taking into account that these registered trademarks would be used by their owners. However, plain packaging requirements on tobacco products would mean that tobacco trademark owners would be unable to use non-word marks due solely to the nature of the goods, i.e. tobacco products.

This would also run contrary to the Article 6*quinquies*(B) of the Paris Convention which prohibits trademarks from being either denied registration or invalidated, the key ingredients of this provision being that trademarks which are duly registered in the country of origin shall be accepted for filing and protected as is in other member countries³¹.

Plain packaging leads to a failure to provide effective protection to trademark rights, in breach of the Paris Convention. Plain packaging would shrink to a bare minimum the differentiation between products thus failing to comply with Article 10*bis* of the Paris Convention, which asks for the assurance against unfair competition by prohibiting acts of nature to create confusion by any means with the goods of a competitor. This poses a risk not only to trademark owners but also to consumers.

Among other factors that would impede effective national-level enforcement of plain packaging legislation is the existence of massive counterfeit, black market, and grey market trade of consumer goods, including tobacco products.

INTA is concerned that the legislator selectively takes away IP rights and ignores the strong protection they are given under the law regardless of the economic sector to which the proprietor belongs. Any regulation must be proportionate and must respect the basic, fundamental legal principles and rights that apply to all legal products.

This approach is echoed by the international community, as following the implementation of plain packaging in Australia, five countries have commenced dispute settlement proceedings before

³⁰ See for instance, the Commission’s impact assessment accompanying the document proposal for a directive of the European Parliament and of the Council: SWD (2012) 452 final, pages 92 and 93 (<http://ow.ly/10duN3>).

³¹ Except for a definite number of very narrow exceptions, none of which apply here.

the WTO over this measure. The proceedings are currently ongoing and many other WTO members have echoed the concerns raised by the complainants³².

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In conclusion, the implementation of plain packaging by Sweden would set an unsound legislative precedent, which would fundamentally change Sweden, EU and global frameworks for trademarks, which have been developed over hundreds of years to encourage the creation, protection and use of trademarks, for the benefit of the business community, consumers and the society at large.

INTA submits that adaption of plain packaging would severely impair the function of trademarks, create a dangerous precedent for other sectors, increase the risk of consumer confusion, violate several international treaty obligations as well as EU laws, and significantly increase the risk of counterfeit products being made available on the market.

Therefore, INTA respectfully opposes the proposal for the prohibition of the use of trademarks through plain packaging as considered by the Swedish Tobacco Directive Inquiry in the “Review of the Swedish Tobacco Act – Next Steps towards Reduced Tobacco Consumption”.

INTA stresses that the adoption of plain packaging should be postponed until the legality of plain packaging is confirmed in the WTO Dispute Settlement Proceedings in the case of Australia and the measured and known beneficial effects of the implementation of plain packaging can prove that such measure is necessary to reach the goal of public health.

INTA would be happy to answer any questions you may have on these issues. Should you require further information, please contact Ms. H  l  ne Nicora, Representative Officer - Europe at hnicora@inta.org.

Sincerely,



Etienne Sanz de Acedo
Chief Executive Officer

³² <http://ow.ly/10dvXd>