

## **Report Q 151**

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### **The impact of advertising restrictions on trade marks**

This paper focuses on restrictions on the advertising of certain goods and services imposed by law, where the sale of such goods and services are themselves not prohibited, and the impact of such restrictions on the trade mark rights of the proprietor.

#### **1. Restrictive advertising measures for certain products or services**

Singapore has imposed a prohibition on the advertisement of tobacco products, although the sale of tobacco products itself is not prohibited.

Restrictions are imposed on the advertisement of certain other goods and services such as pharmaceutical products, medicaments and medical appliances and certain professional services such as legal, medical and accountancy services.

The restrictions are essentially policy-based, such as restrictions on advertising of tobacco products as part of Singapore's general anti-smoking policy. The restrictions imposed on the advertisements of films is a consequence of our policy on censorship.

We set out below, a list of the primary legislation that work to impose restrictions on advertisements in relation to these goods and services.

Questions 1.1 to 1.3 are also dealt with in turn with reference to each piece of legislation:-

#### **A. SMOKING (CONTROL OF ADVERTISEMENTS AND SALE OF TOBACCO) ACT**

This piece of legislation stands out as one of the principal legislation that specifically regulates the use of trade marks associated with tobacco products. The rationale of the legislation is clear, i.e. essentially to discourage the smoking of tobacco products.

##### **1.1 Content of the rules**

This legislation prohibits (except where the necessary *exemption* has been obtained):

1. any advertisement that contains any express or implied inducement or suggestion to purchase or smoke any tobacco product;
2. any advertisement that relates to smoking in terms which are calculated to promote the smoking of any tobacco product
3. any advertisement that mentions :

- i. the name or trade name of any person associated or concerned with the manufacture or distribution or marketing of any tobacco product
- ii. a brand name of or trade mark relating to any tobacco product; or
- iii. any pictorial device commonly associated with a brand name of or trade mark relating to any tobacco product

There is an exemption provision that provides :-

“that the Minister may in his discretion approve the publication of an advertisement which mentions or refers to the brand name associated with or the name or trade name of a person associated or concerned with the manufacture, distribution or marketing of a tobacco product-

- in the sponsorship of an event or as a congratulatory message; or
- for the purposes of promoting or identifying any goods or services which are unconnected with any tobacco product which are manufactured, distributed or provided by that person.

Provided that the advertisement shall not directly or indirectly lead to or induce or encourage the smoking of tobacco products.”

The clear legislative intent as evidenced during the parliamentary debates is to prohibit advertisements featuring tobacco brand names and trade marks. It was also recognised that tobacco companies are also involved in services and products unrelated to tobacco (‘indirect advertisement’) and the exemption provision was intended to allow *bona fide* advertisements by such companies to be considered and allowed on a case-by-case basis.

From the above, all tobacco advertisements are prohibited even though the sale of tobacco products is permitted. In essence, the legislature has by reason of public policy taken away from the tobacco trade mark proprietor, a commercial tool used for the exploitation of his trade mark rights (whether statutory or common law), or put in another way, the scope of the statutory or common law rights of the proprietor in the exploitation of his trade mark has been reduced statutorily, by reason of public policy.

The attention of the reader is specifically drawn to items 3(ii) and (iii) above, where reference is made to “brand names of or trade marks related to tobacco products” and devices associated therewith. For convenience, these are referred to in this paper as “tobacco trade marks”.

There is an ambiguity as to the scope of item 3. On a clear reading, the language admits to an interpretation that this provision extends to all tobacco trade marks (including marks identical or virtually identical thereto) used in relation to non-tobacco products, whether held by the tobacco company or unrelated third parties (“third party traders”), the latter, who may hold the identical or virtually identical mark for non-tobacco products.

However on a reading of the exemption provision, only a person (or company) whose tobacco trade mark it is i.e. a tobacco company and who uses it for non-tobacco products or services, may apply for the exemption. Third party traders do not come within the ambit of the exemption. This is hardly surprising because it is not the enunciated legislative intent that the provisions of this Act should apply to them at all.

The ambiguity is caused by the imprecision and breadth of the language of item 3 which would, on a strict reading, lead to an anomalous situation whereby while both third party traders and tobacco companies who use their tobacco trade mark for non-tobacco products would be prohibited from advertising their

mark for non-tobacco products, only the tobacco companies would be able to obtain the necessary exemptions to allow indirect advertisements and not the third party traders.

To give effect to the enunciated legislative intent, the preferred interpretation would therefore be, that such marks held by third party traders notwithstanding that they may be identical or virtually identical to that of the tobacco companies, are not “brand names of or trade marks relating to tobacco products” or devices associated therewith under items 3 (ii) and (iii). The result of this reading would be that such third party traders would not fall within the ambit of this legislation at all and would do not face any advertising restrictions in the advertisement of their marks for their non-tobacco products.

A check with the Smoking Control Unit of the Pharmaceutical Department, Ministry of Health (from whom exemption for indirect advertising is obtained), confirmed that in practice, such third party traders need not and do not seek any exemption under this legislation and they do not face any restrictions regarding the advertisement of their marks.

These advertising restrictions apply to all locally printed publications and is specified not to extend to foreign publications save where these foreign publications have been gazetted. These advertising restrictions have been extended to the following foreign publications - Asian Business, Newsweek, Time Magazine, World Executive Digest, Yazhou Zhoukan, Asiaweek, Info Times, Singapore Tatler, Sisters Pictorial, Intersect, Singapore Eve, Forbes, International Herald Tribune, The Economist, Asia Inc., Cityguide Singapore, Homes & Living, Electronic World News.

These restrictions do not apply to advertisements on the internet that are not uploaded from Singapore. From Singapore therefore, we are able to access sites on the Web pertaining to cigarette advertisements and sales.

These restrictions would apply to television broadcast of advertisements of course, but for foreign programs where the tobacco advertisements form an integral part of the program, such as tobacco advertisements around the pitch of a football game, The Smoking Control Unit confirmed that these would be assessed on a case-by-case basis and they have in the past permitted these to be aired.

## **1.2 Are these rules penal in character? What are their sanctions, if any.**

Yes, they are penal in character and their **sanctions** are:-

- on first conviction, maximum fine of SGD10,000 or imprisonment for up to 6 months or both
- on subsequent conviction, maximum fine of SGD20,000 or imprisonment for up to one year or both

## **1.3 Do they contain provisions that are specific to trade marks or does their application to trade mark law result from the general character of such provisions?**

The Act is essentially aimed at the discouragement of smoking of tobacco products and indeed it is interesting that indirect advertisement was not initially restricted. In the Singapore experience, after the implementation of the prohibition of tobacco advertisements, the tobacco companies then diversified into non-tobacco industries, such as travel companies, for example KENT HIGH COUNTRY, and PETER STUYVESANT TRAVEL, and their advertisements typically depicted a rugged-type or “cool” lifestyle or image, which, while not in direct contravention of the prohibition of tobacco advertisements, nevertheless projected the trade mark in an image that was not incompatible with a smoking message. The law was then changed to specifically prohibit advertisements using tobacco trade marks for non-tobacco products.

## **B. MEDICINES (ADVERTISEMENT AND SALE) ACT**

### **1.1 Content of the rules**

This Act prohibits the following advertisements in any media ,(unless the advertisement was published in a publication of a technical nature for circulation only among members of the medical, dental or pharmacist fraternity):-

- the advertisement of medicines or remedies in treatment of certain specified diseases, which include blindness, cancer, cataract, drug addiction, deafness, diabetes, epilepsy or fits, hypertension, insanity, kidney disease, leprosy, mental disorders, paralysis, tuberculosis, sexual function, infertility, impotence, frigidity, conception and pregnancy.
- the advertisement of any skill of or service provided by any medical practitioner
- the advertisement of abortion services

The result of course is that many drugs (and their trade marks) are not permitted to be advertised in the general media, and advertisements of these appear only in trade, medical publications or journals.

### **1.2 Are these rules penal in character? What are their sanctions, if any.**

Yes, they are penal in character and their **sanctions** are:-

- on first conviction, maximum fine of SGD1000 or imprisonment for up to one year or both
- on subsequent conviction, maximum fine of SGD2000 or imprisonment for up to two years or both

### **1.3 Do they contain provisions that are specific to trade marks or does their application to trade mark law result from the general character of such provisions?**

In this case, the thrust of the legislation is directed toward the restriction of advertisement of the products and not the use of the trade marks as such. However, the effect naturally is that it operates in practice to restrict the use of the trade marks also, and this effect results from the general character of such provisions.

## **C. INDECENT ADVERTISEMENTS ACT**

### **1.1 Content of the rules**

It prohibits the advertisement of :-

- any sort of treatment or advice, or medicinal preparations for the treatment or prevention of any venereal disease or infirmity relating to sexual intercourse EXCEPT for publications of the government or authorised agencies, or publications sent only to qualified medical practitioners or registered pharmacists or wholesalers for the purposes of their business.
- exhibiting or advertisement of any indecent or obscene material

### **1.2 Are these rules penal in character? What are their sanctions, if any.**

Yes, they are penal in character and their **sanctions** are:-

- Maximum fine of SGD1000 or 1 year's imprisonment or both.

### **1.3 Do they contain provisions that are specific to trade marks or does their application to trade mark law result from the general character of such provisions?**

The thrust of the legislation is the prohibition (unless one is within the exceptions) of advertisement of products or services for the treatment of venereal diseases, and the exhibiting of obscene material and not the trade marks themselves. The restriction of trade mark use is incidental to the restrictions placed on the advertisement of the applicable goods and services.

## **D. FILMS ACT**

### **1.1 Content of the rules**

This legislation regulates the importation and distribution of films in Singapore and requires all such films to be submitted to the Board of Films Censors for censorship. Correspondingly all advertisements of films would also have to be approved by the Films & Publications Department.

This legislation also makes importation, distribution, possession and advertisement of obscene films illegal.

### **1.2 Are these rules penal in character? What are their sanctions, if any.**

Yes, they are penal in character and their **sanctions** are:-

For failure to obtain the approval of the Board of Films Censors for an advertisement for a film:

- maximum fine of SGD5000

For advertisement of obscene films:

- fine of between SGD1000 and SGD5000 or imprisonment for up to 6 months or both

**1.3 Do they contain provisions that are specific to trade marks or does their application to trade mark law result from the general character of such provisions?**

The thrust of this legislation is the complete ban of obscene films (which are essentially the “adult movies” permitted in many other countries) and the regulation and licensing of the importation, distribution and advertisement of films in general.

The restriction on the trade marks is incidental to the regulation of the distribution of the product.

**D THE LEGAL PROFESSION (PUBLICITY) RULES 1998**

Certain professionals in Singapore also face advertising restrictions. We take as an example, the advocates and solicitors where their ability to advertise in Singapore is governed by the Legal Profession (Publicity) Rules 1998.

These Rules are self-regulatory in nature, compliance thereto being enforced in practice by the Law Society.

These rules inter alia, regulate the manner in which advertising and publicity by an advocate and solicitor or legal firm may be carried out, the contents of publicity materials provided, the manner under which advocates and solicitors and the legal firm may be acknowledged publicly and the details that may appear in the public acknowledgement.

**2. The influence of restrictive rules in respect of advertising on validity and proceedings for the registration of marks.**

**2.1 Whether the legislation in our country relating to restrictive advertising measures prohibits or in contrast allows registration of a mark in respect of products or services in relation to which advertising is prohibited or strictly regulated.**

From the above, it is clear that most of the legislation imposing restrictions on advertising are directed at the products or services and not the trade marks per se. The exception to this is the Smoking (Control of Advertisements and Sale of Tobacco) Act . As such the paper will focus on the provisions of this Act and the effect on trade mark rights.

None of the legislation in any way imposes any restrictions or limitations on the registrability of trade marks.

The registrability of trade marks is governed by the Trade Marks Act 1998 and this is in turn not correlated directly or indirectly with any advertising restrictions imposed on any marks.

In short, trade marks which may be subject to advertising restrictions may nonetheless be registered in Singapore.

**2.2 Can third parties intervene in the course of registration proceedings to resist a mark being registered in respect of products or services in relation to which advertising is regulated or prohibited?**

The short answer is not purely on the ground that advertising is prohibited or restricted.

**2.3 Can the proprietor of an application for registration of a mark in respect of which advertising is prohibited request at least a provisional registration for the purposes of seeking protection in other countries?**

If a mark is for whatever reason not registrable under Singapore law, it is not possible for any applicant to obtain a registration purely for the purposes of obtaining protection in another country. Advertising restrictions or prohibitions are not relevant to the consideration of registrability.

**2.4 If a mark which is lodged in respect of products or services in relation to which advertising is prohibited is the subject of a registration, can third parties contest the validity of such a registration and if so, within what period?**

The mere fact that advertising in relation to products and services for which a mark is claimed is prohibited is not of itself, a valid ground for third parties to attack a trade mark registration.

If the use of the mark (as opposed to the mere advertising thereof) in relation to such products and services is prohibited, it is possible to contest the validity of a registration on the basis of non-use.

**3. The influence of restrictive advertising measures on the exercise of a trade mark right**

**3.1 To what extent do advertising restrictions affect the need for exploitation of a mark in order to escape the sanction of cancellation for which provision is made in many legal systems?**

Under Section 22 (1) of the Trade Marks Act 1998, the registration of a mark may be revoked *inter alia* on the grounds that within a period of 5 years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore by the proprietor in relation to goods and services for which it is registered and there are no proper reasons for non-use.

The fact that there are advertising restrictions do not absolve the trade mark proprietor from the requirement to use the mark in other ways apart from advertising. Use of the mark in Singapore, such as by direct sale, would still be required. It is also an important point to note that mere advertising without offering the products or services for sale in Singapore will not of itself constitute "genuine use" in Singapore.

The extent that the law imposes advertising restrictions on certain marks however becomes important when one is considering whether such a mark has been put to "genuine use in the course of trade in Singapore". i.e., the appropriate standard that ought to be applied by the court in deciding this issue.

For example, particularly in the case of tobacco products, which may be considered a mass-consumption product, it is clear that owners of tobacco trade marks do face pressures which would not be present in marketing other mass-consumption products. It may take a new entrant to the tobacco industry much longer to create market awareness of his product and brand name and engender sales, than would be the case for other mass-consumption products, which do not face any advertising prohibition or restriction.

In the case of pharmaceutical products, especially prescription drugs or medications for specific use, it is possible to argue that by its nature, it is not a mass-consumption product and advertisement in permitted medical or trade publications and sale through limited trade channels ought to suffice to constitute “genuine use of the mark in the course of trade”.

Certain other mass-consumption products such as contraceptive devices also face advertising restrictions and it is clear that the restrictions would hinder the ability of the proprietor to create brand awareness and engender sales, especially for a new entrant to the market.

As regards the issue of “indirect advertisement”, this applies only to tobacco trade marks being used for non-tobacco products. In this case, the advertising restrictions placed thereon would also affect the ability of the proprietor to establish the non-tobacco products in the Singapore market, which of course would have a direct impact on sales. This becomes important when one is considering the issue of “genuine use” of the mark for such non-tobacco products, which may be mass-consumption products. The proprietor may in such a case find it more difficult than other proprietors (who do not face such advertising restrictions) to create a demand and engender sales and may need more time to do so.

We are also aware that, in applying for approval from the Smoking Control Unit, the applicant may be called upon to amend the actual depiction of the trade mark to one that is not identical to that of the tobacco trade mark, for example a word mark may be required to be amended from its stylised form to a block capital format.

This also has impact on the issue of whether there has been “genuine use” of the mark in the course of trade in Singapore, especially where the change may be one of trade mark character, such as the exclusion of a device portion from a combined word and device mark.

There is no case authority at present as to whether the courts will use a differing standard in deciding whether a trade mark has been used in Singapore, in situations where the products or services in relation to which the mark is used or the mark itself is subject to advertising prohibitions or restrictions. We would argue that the fact of such advertising prohibitions or restrictions which are imposed by law and the consequent negative effect on the ability of the proprietor to fully exploit the trade mark ought to be a valid consideration when deciding this issue.

**3.2 The rules relating to restrictions in regard to indirect advertising can affect in particular the right of the proprietor of a trade mark which is deposited and exploited in relation to products or services which are not subject to measures prohibiting advertising and which is constituted by a sign that is identical or virtually identical to that which is exploited by a third party in relation to the products or services which are the subject of an advertising prohibition or regulation. This more particularly involves the application of provisions which prohibit indirect advertising promoting products or services that are subject to advertising restrictions or prohibitions as in situations in which in particular the same sign constitutes a trade mark used in relation to mass-consumption products such as cosmetic products or clothing and in relation to products which are dangerous to health such as cigarettes.**

**On that assumption, notwithstanding the rule of speciality, can the proprietor of the marks relating to products or services which are the subject of free advertisement ask that the mark which is registered in respect of products or services being the subject of the advertising regulations be cancelled or removed from the register?**

The issue of indirect advertising in Singapore would apply only to tobacco trade marks.

Under the Smoking (Control Of Advertisements And Sale Of Tobacco) Act, the relevant provisions of which are discussed above, if the mark being exploited in relation to non-tobacco products is held by an unrelated third party and not the tobacco company or a related entity, then, our reading of the provision is that such third parties, notwithstanding that they may have an identical or virtually identical mark to that of a tobacco trade mark, will not be caught by the advertising prohibitions imposed by this Act, and as such the issue does not arise under our law.

In any event, there is also no provision under our law, for the cancellation or removal of any mark from the register by a third party, by reason **only** that it is registered for goods and services which are the subject of advertising regulations.

Of course if the third party is able to show that a mark registered or being sought to be registered for tobacco products is confusingly similar to his prior mark which is registered for non-tobacco products (or on other grounds acceptable under general trade mark law principles), then he would succeed in cancelling that mark.

In a recent example Tiffany & Co , proprietor of the TIFFANY trade mark for luxury consumption products for personal and household use succeeded in preventing the registration of TIFFANY for cigarettes by Fabriques de Tabac Reunies SA, a wholly owned subsidiary of Philip Morris Holland on the ground that they had a reputation for luxury goods and there was a likelihood of confusion in the mind of the public because of the close association between luxury goods and cigarettes. The court noted that manufacturers of well known luxury goods (for example YSL, Davidoff, Pierre Cardin, Cartier) have been known to licence their marks for use on cigarettes even though they might themselves not be particularly well-known for smokers' articles. The issue of advertising restrictions was not discussed at all.

**Conversely can the proprietor of a trade mark which is deposited in respect of products for which advertising is regulated or prohibited ask for cancellation or revocation of the mark which is constituted by the same sign and deposited in respect of the products or services which are not subject to the registrations related to advertising.**

Again the answer is, not on the basis **alone** of the advertising restrictions. However, if the proprietor is able to show that there is a likelihood of confusion based on his prior mark for tobacco products or other applicable ground under the usual principles of trade mark law, then he will succeed in cancelling the other mark.

**3.3 The rules providing for a prohibition on indirect advertising can also apply when a mark belonging to a single proprietor covers both the products or services which are subject to the prohibition on advertising and the products or services in respect of which advertising is free. That is the case in particular when the proprietor of a mark used in relation to mass-consumption products also lodges it to designate the products or services which are subject to restrictive advertising measures, either seeking to benefit from the reputation of his mark or seeking to prevent third parties from using the same mark for such product or services.**

**Can the proprietor of a mark which is registered both in respect of the products or services which are not the subject of an advertising restriction and in respect of the products or services which**

**are subject to such a restriction, not use the mark in relation to the products or services being the subject of the measures prohibiting advertising and nonetheless keep it for the same products or services?**

The short answer is no -- this mark which has not been used for the products and services being the subject of advertising prohibitions will be vulnerable to cancellation proceedings under Section 22(1) of the Trade Marks Act 1998.

The fact that there are advertising prohibitions will not constitute "proper reasons for non-use" or otherwise absolve the proprietor from the use requirement, since it is obviously possible to use the mark without advertising it, such as by actual sales or licensing.

**Conversely can the proprietor of a mark which is registered both in respect of the products or services which are not the subject of an advertising restriction and in respect of the products or services which are subject to such a restriction not use the mark in relation to the products or services in respect of which advertising is free and nonetheless keep it for the same products or services?**

The short answer is no -- this mark which has not been used for the products and services in relation to which advertising is free will be vulnerable to cancellation proceedings under Section 22(1) of the Trade Marks Act 1998.

The fact that there are advertising restrictions imposed on indirect advertisement will not constitute "proper reasons for non-use" or otherwise absolve the proprietor from the use requirement, since it is obviously possible to use the mark without advertising it, such as by actual sales or licensing or by seeking exemption for indirect advertising.

**3.4 It cannot be disputed that advertising constitutes an important if not essential way of making a mark known and thus contributing to its repute. If the proprietor of a mark finds himself prevented from using advertising, should there be applied to his mark the same criteria in regard to repute as in relation to marks designating products or services which are not subject to advertising restrictions?**

This is a relevant issue when determining whether a trade mark has acquired sufficient reputation and goodwill in Singapore to prevent use of the identical or similar trade mark by third parties for the same or similar product or dissimilar product.

Where unregistered trade marks are concerned, it is relevant to note that the common law rights thereof under the tort of passing off is preserved.

Section 8(4) of the Trade Marks Act 1998 provides that “a trade mark shall not be registered if or to the extent that its use in Singapore is liable to be prevented by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade...”.

Another relevant issue here is the fact that under our Trade Marks Act 1998, “well known marks” are accorded protection in Singapore. In this regard, the relevant provisions are:-

Section 8(3) provides that a trade mark shall not be registered if there is an identical or similar earlier mark protected for dissimilar goods or services where :-

- i. the earlier mark is *well known in Singapore*;
- ii. use of the trade mark in relation to the goods or services for which registration is sought will indicate a connection in the course of trade with the proprietor of the earlier trade mark;
- iii. there exists a likelihood of confusion on the part of the public because of such use; *and*
- iv. the interest of the proprietor of the earlier trade mark are likely to be damaged by such use

Section 27(3) provides that “a person infringes a registered trade mark which is *well known* in Singapore if without the consent of the proprietor, he uses, in the course of trade -

- i a sign which is identical with or similar to the registered trade mark in relation to dissimilar goods or services for which it is registered;
- ii such use would indicate a connection between these goods or services and the proprietor and would be likely to cause confusion to the public;
- iii there exists a likelihood of confusion on the part of the public because of such use; *and*
- iv the interest of the proprietor are likely to be damaged by such use.

Further, under section 55(2), protection in Singapore is accorded to marks entitled to protection under the Paris Convention or the TRIPS Agreement as a well-known mark i.e. a mark well known in Singapore as the mark of a proprietor being a national of or domiciled in or having a real and effective place of business in a Convention country, whether or not the proprietor carries on business in Singapore or has any goodwill in Singapore.

It is pertinent to note that under section 2(7), it is provided that to determine whether a mark is “well known in Singapore”, one has to take into account the extent to which the trade mark is known within the *relevant section of the public*, whether as a result of the promotion of the trade mark or any other reason.

One of the necessary effects of advertising prohibitions or restrictions is that the mark is not thereby made known to the public at large. We are of the view that this ought to be a factor taken into

consideration when assessing the reputation or goodwill of a mark and assessing whether such a mark is “well-known” in Singapore.

It is obvious that where advertising prohibitions or restrictions apply, that it will be more difficult for trade marks to qualify as “well-known” marks.

For marks used in relation to non mass-consumption products, it may be easier to show goodwill or reputation in Singapore, when one needs only consider this within the context of a relevant section of the public.

However, for mass consumption products that may nevertheless face advertising restrictions because of indirect advertising restrictions, it becomes more difficult for the mark to acquire goodwill and reputation since the proper test is that such reputation and goodwill must be acquired in respect of the general public, this being the market for the products.

In the light of the above, advertising restrictions and prohibitions will have an impact on the ability of the proprietor to provide -

- a. the evidence of use required before a unregistered trade mark can be considered to have acquired sufficient reputation and goodwill within Singapore to succeed in a passing off action and thereby prevent infringement or unlawful registration by third parties, and
- b. the evidence of use or other evidence required before a trade mark will be considered to be mark well known in Singapore .

**3.5 Does the existence of regional marks such as the Community Trade Mark have any effect on the questions raised above?**

The short answer is no.

#### **4. Possible harmonisation of the existing national systems**

**After having replied to the questions set forth above, the Groups are invited to:**

**4.1 set out possible difficulties in terms of application of their national regulations**

**4.2 state the provisions which would mainly have to be amended and improved as regards the influence of restrictive advertising measures on**

- **validity of trade marks; and**
- **exercise of a trade mark right and in particular the obligation to exploit the same; and**

**4.3 propose rules for harmonisation at an international level, in particular as regards the provisions referred to in 4.2**

The main difficulty we see in our laws, is found in the Smoking (Control of Advertisements and Sale of Tobacco) Act and the provisions prohibiting the advertising of tobacco products and the use of tobacco trade marks in advertisements, and the exemption provisions relating to indirect advertising.

A large part of the difficulty is one of interpretation. To reiterate the point, the clear intention of the legislature is to control the use of tobacco through the eradication of tobacco advertisements, both direct advertisements, as well as indirect advertisements through the use of tobacco trade marks on non-tobacco products. The cause of legislation on the latter which was the subject of a later amendment, was that after the prohibitions on direct advertisement of tobacco products took effect, tobacco companies started to diversify into other non-tobacco businesses and to advertise their new business in a manner that did, in effect, still advertise or refer to their main tobacco business.

It was this evil that the provisions relating to indirect advertisement was intended to cure. It was not the intention of the legislature to regulate the *bona fide* use by third parties of their own trade marks for non-tobacco products.

The prohibition provisions under our law however, is drafted too broadly and may capture in its broad language such innocent third party traders. Yet the exemption provisions may in their narrower scope and slightly different language not enable these third party traders to apply for ministerial exemption, thereby leaving them in the anomalous position of being prohibited from advertising their trade marks, and having no recourse to ministerial exemption.

The clear legislative intent from the Parliamentary debates is to capture tobacco companies and not third party traders. We do agree with this legislative intent and feel that this ought to be the subject of legislative amendment to reflect this more clearly in the language of the provisions.

Our legislature has also deliberately placed the approval or refusal of exemption for indirect advertisement within the discretion of the Minister. By doing so, there is an element of uncertainty as regards the guidelines used since these are not provided. We suggest that the mechanism of allowing exemption by ministerial approval ought to be retained but that guidelines as to the exercise of that discretion and the considerations to be taken into account should be provided for in subsidiary legislation. This would provide more certainty to persons applying for such exemptions.

The guidelines should take into account the following matters:-

- Corporate entities can be involved in a great variety of businesses at the same time which in practice will include both tobacco and non-tobacco related industries. At which point can a company be considered a third party to the tobacco company in question? Entities and relationships such as related companies, subsidiary companies, sister companies, other forms of management or control ought to be considered;
- Licensing of trade marks is a standard mode of exploiting trade mark rights. Would licensing a mark for use on tobacco products bring that licensor into the realm of one that is connected to the tobacco company and with that change in status, the imposition of advertising restrictions for its other non-tobacco products? and would this also be the case if the licensing of the mark and the exploitation of the mark for non-tobacco products is carried out by separate, though related, entities?

We feel that the above model ought to be of general applicability to other countries as well.

We understand from the thrust of the questions that third party traders may well face advertising restrictions under the laws of other countries.

While we do not identify with this position, if third party traders are to be included in the basket of persons whose advertising would be the subject of restrictions or prohibitions, then it must be recognised that :-

- their trade mark rights are narrowed in scope by the operation of law and by the activities of persons (namely tobacco companies) over whom they have no control;
- whilst they may be first in time with the use of their mark for non-tobacco products and their mark is consequently not at this time a tobacco trade mark, this position is not a static one and may change with the use of their mark or a identical or virtually identical mark by a tobacco company and the successful marketing of that mark as a tobacco trade mark;

It is therefore necessary to provide the third party proprietor with an added recourse against the use or appropriation of their mark or an identical one by tobacco companies for tobacco products, in addition to the recourse under general principles of trade mark law, i.e. by showing reputation and likelihood of confusion, such as :

- the ability also to register their mark (and enforce that registration) for tobacco products, to prevent appropriation or use by tobacco companies, without the requirement for use, i.e. something akin to a defensive registration, and without the need to prove that theirs is a well-known mark.
- the requirement that tobacco companies seek the consent of such third party traders prior to using or registering their mark for tobacco products.

Another issue is that trade mark law does not make a distinction between the use requirement of a tobacco mark in order to avoid cancellation and acquisition of goodwill and reputation, as opposed to that required by a non-tobacco mark. Further no specific consideration is given to advertising restrictions and prohibitions, though we do feel that this ought to be the equitable approach to take.

It will be however difficult to legislate on this and we would propose that this principle be allowed to develop through the courts.