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## **1 ARTICLE 16**

### **1.1 Text of Article 16**

#### **Article 16**

##### *Rights Conferred*

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

2. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

3. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

### **1.2 Article 16.1**

#### **1.2.1 General**

1. The Panel in *Australia – Tobacco Plain Packaging*, in a finding upheld by the Appellate Body, summarized its general interpretative analysis of the nature and scope of the obligation in Article 16.1 as follows:

"By setting out the conditions under which the trademark owner must be able to prevent third parties' activities, the provision simultaneously defines what must, at a minimum, constitute an infringement of a registered trademark. If the activities of an unauthorized third party meet the conditions set out in the first sentence of Article 16.1, then the trademark owner must have the right under a Member's domestic law to prevent them. If the activities of that third party do not meet these conditions, then they lie outside the scope of the trademark owner's 'right to prevent' that Members are to provide pursuant to Article 16.1. The essence of the Article 16.1

obligation is to ensure that rights are available to obtain relief against such infringing acts."<sup>1</sup>

2. The Panel in *Australia – Tobacco Plain Packaging* further explained with respect to the nature and scope of the obligation in Article 16.1:

"The exercise of this private right depends, in practice, on an assessment of the nature of the marketplace at the relevant time to determine whether the relevant factual circumstances exist, especially in assessing the likelihood of confusion. However, the obligation on Members to provide this right under their legal systems should be distinguished from the scope of activities undertaken by commercial actors in their domestic markets. The object of the obligation in Article 16.1 is to permit right holders to protect themselves against certain actions by third parties in the course of trade, if a likelihood of confusion would arise from such actions.

...

Members can thus comply with this obligation regardless of whether any infringement activities actually occur in the market, or whether and when right owners actually choose to exercise this exclusive and private right that is at their disposal. In other words, whether unauthorized third parties actually use similar or identical signs on similar goods or services in the market, and whether such use actually does or does not result in a 'likelihood of confusion' among consumers, is immaterial to the assessment of whether a Member ensures that a trademark owner has at its disposal the right to prevent such acts by third parties, in compliance with Article 16.1."<sup>2</sup>

3. The Panel in *Australia – Tobacco Plain Packaging* further clarified that the purpose of Article 16 is to enable action against infringements:

"Its formulation reflects the purpose of Article 16, which is to enable action against actual infringements by third parties where the factual criteria of Article 16.1, first sentence, are fulfilled in a given market situation. Article 16.1 can therefore protect the source-identifying function of a registered trademark against specific infringing actions by third parties. It is not intended to protect that function against waning distinctiveness due to other reasons, such as changing market conditions, inaction of the right owner, or changing consumer perception."<sup>3</sup>

4. The Panel in *Australia – Tobacco Plain Packaging* also considered the relationship between the infringement criteria and Members' obligations under Article 16:

"We further recall our finding in that context that, outside the scope of express obligations set out in the TRIPS Agreement, the Agreement does not in our view oblige Members to ensure that private parties are in a position to fulfil the criteria under Article 15.1, or to refrain from regulations otherwise not inconsistent with the covered agreements that may affect relevant market conditions.

The same considerations apply to our assessment of Article 16.1."<sup>4</sup>

### 1.2.2 "The owner"

5. In *US – Section 211 Appropriations Act*, the Appellate Body found that the TRIPS Agreement does not contain a provision that determines who owns or who does not own a trademark:

"As we read it, Article 16 confers on the *owner* of a registered trademark an internationally agreed minimum level of 'exclusive rights' that all WTO Members must

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<sup>1</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.1980. See also Appellate Body Reports, *Australia – Tobacco Plain Packaging*, para. 6.592.

<sup>2</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.1999-7.2000.

<sup>3</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, para. 7.2011.

<sup>4</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.2009-7.2010.

guarantee in their domestic legislation. These exclusive rights protect the owner against infringement of the registered trademark by unauthorized third parties.

We underscore that Article 16.1 confers these exclusive rights on the 'owner' of a registered trademark. As used in this treaty provision, the ordinary meaning of 'owner' can be defined as the proprietor or the person who holds the title or dominion of the property constituted by the trademark. We agree with the Panel that this ordinary meaning does not clarify how the ownership of a trademark is to be determined. Also, we agree with the Panel that Article 16.1 does not, in express terms, define how ownership of a registered trademark is to be determined. Article 16.1 confers exclusive rights on the 'owner', but Article 16.1 does not tell us who the 'owner' is.

...

[W]e conclude that neither Article 16.1 of the *TRIPS Agreement*, nor any other provision of either the *TRIPS Agreement* and the Paris Convention (1967), determines who owns or who does not own a trademark."<sup>5</sup>

### 1.2.3 "exclusive"

6. In *EC – Trademarks and Geographical Indications* the Panel interpreted the exclusive right which must be conferred under Article 16.1 as a negative right that belongs to the owner of the registered trademark alone to prevent certain uses by "all third parties" not having the owner's consent, subject to certain exceptions:

"The right which must be conferred on the owner of a registered trademark is set out in the first sentence of the text. There are certain limitations on that right which relate to use in the course of trade, the signs, the goods or services for which the signs are used and those with respect to which they are registered and the likelihood of confusion. The ordinary meaning of the text indicates that, basically, this right applies to use in the course of trade of identical or similar signs, on identical or similar goods, where such use would result in a likelihood of confusion. It does not specifically exclude use of signs protected as GIs.

The text of Article 16.1 stipulates that the right for which it provides is an 'exclusive' right. This must signify more than the fact that it is a right to 'exclude' others, since that notion is already captured in the use of the word 'prevent'. Rather, it indicates that this right belongs to the owner of the registered trademark alone, who may exercise it to prevent certain uses by 'all third parties' not having the owner's consent. The last sentence provides for an exception to that right, which is that it shall not prejudice any existing prior rights. Otherwise, the text of Article 16.1 is unqualified.

Other exceptions to the right under Article 16.1 are provided for in Article 17 and possibly elsewhere in the TRIPS Agreement. However, there is no implied limitation vis-à-vis GIs in the text of Article 16.1 on the exclusive right which Members must make available to the owner of a registered trademark. That right may be exercised against a third party not having the owner's consent on the same terms, whether or not the third party uses the sign in accordance with GI protection, subject to any applicable exception."<sup>6</sup>

### 1.2.4 "right to prevent"

7. In *EC – Trademarks and Geographical Indications* the Panel clarified that the right to be conferred under Article 16.1 is a negative right:

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<sup>5</sup> Appellate Body Report, *US – Section 211 Appropriations Act*, paras. 186, 187 and 195.

<sup>6</sup> Panel Reports, *EC – Trademarks and Geographical Indications (US)*, paras. 7.601-7.603, and (*Australia*), paras. 7.601-7.603.

"Article 16.1 of the TRIPS Agreement only provides for a negative right to prevent all third parties from using signs in certain circumstances."<sup>7</sup>

8. The Panel in *Australia – Tobacco Plain Packaging*, citing the Panel in *EC – Trademarks and Geographical Indications*, clarified that Article 16.1 does not establish a right to use the registered trademark:

"The text of the provision does not formulate any other right of the trademark owner, nor does it mention the use of the registered trademark by its owner.

...

In light of the ordinary meaning of the text and consistently with prior rulings, we agree with the parties that Article 16.1 does not establish a trademark owner's right to use its registered trademark. Rather, Article 16.1 only provides for a registered trademark owner's right to prevent certain activities by unauthorized third parties under the conditions set out in the first sentence of Article 16.1.

...

The trademark owner's commercial interest in a market situation in which its registered trademark can be successfully used to stop as many signs as possible from being used on similar or identical goods or services, and the corresponding interest in using its trademark, including for the purpose of maintaining or further strengthening its distinctiveness, is not a *right* under Article 16.1. It is, however, recognized by the TRIPS Agreement as a *legitimate interest* that needs to be taken into account in considering the permissibility of domestic exceptions to the exclusive rights under Article 17."<sup>8</sup>

9. The Appellate Body in *Australia – Tobacco Plain Packaging* upheld the Panel's conclusion that Article 16.1 does not grant the right of use and only provides for a registered trademark owner's right to prevent certain activities by unauthorized third parties. In reaching its conclusion, the Appellate Body explained:

"As the panel in *EC – Trademarks and Geographical Indications (Australia)* observed, the TRIPS Agreement 'does not generally provide for the grant of positive rights to exploit or use certain subject matter, but rather provides for the grant of negative rights to prevent certain acts'. Specifically, Article 16.1 grants a trademark owner the exclusive right to preclude unauthorized third parties from using, in the course of trade, identical or similar signs for goods or services that are identical or similar to those with respect to which the trademark is registered. The owner of a registered trademark can exercise its 'exclusive right' as against an unauthorized third party but not against the WTO Member in whose territory the trademark is protected. Instead, in accordance with Article 1.1, Members are required to give effect to Article 16.1 by ensuring that, in the Members' domestic legal regimes, the owner of a registered trademark can exercise its 'exclusive right to prevent' the infringement of its trademark by unauthorized third parties. Hence, for purposes of WTO dispute settlement, in order to establish that a WTO Member has acted inconsistently with Article 16.1, the complaining Member must demonstrate that, under the responding Member's domestic legal regime, the owner of a registered trademark cannot exercise its 'exclusive right to prevent' the infringement of its trademark by unauthorized third parties."<sup>9</sup>

10. The Panel in *EC – Trademarks and Geographical Indications (Australia)* did not uphold a claim that the right provided for in Article 16.1 includes a right to object to GI registration:

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<sup>7</sup> Panel Reports, *EC – Trademarks and Geographical Indications (US)*, fn 558 to para. 7.611 and (*Australia*), fn 564 to para. 7.611.

<sup>8</sup> Panel Report, *Australia – Tobacco Plain Packaging*, paras. 7.1974, 7.1978, and 7.2011.

<sup>9</sup> Appellate Body Reports, *Australia – Tobacco Plain Packaging*, para. 6.587.

"Article 16.1 of the TRIPS Agreement sets out the minimum right which Members must provide to the owners of registered trademarks and which they may also make available on the basis of use. It is a right for trademark owners to prevent certain uses. The Panel takes note that trademark owners are not able to exercise their right to prevent use of a GI after GI registration. However, Australia has not explained why the trademark owner's right to prevent use implies a right to object to GI registration.

"Article 15.5 provides for a right of objection to registration of a trademark but there is no corresponding provision in Part II regarding the registration of a GI. There are provisions on the acquisition and maintenance of intellectual property rights, including GIs, in Article 62. These specifically refer to related *inter partes* procedures such as opposition, revocation and cancellation, in paragraph 4, which is cross-referenced in paragraph 5. The opportunity or right to object forms part of an opposition procedure. However, Article 62 lies outside the Panel's terms of reference."<sup>10</sup>

11. The Panel in *Australia – Tobacco Plain Packaging* rejected an argument that causing the instances in which "likelihood of confusion" may arise to be reduced constitutes a violation of Article 16.1:

"If, as the complainants' claim, the TPP measures result in situations where such 'likelihood of confusion' no longer occurs with respect to certain tobacco-related trademarks, then the circumstances foreseen in Article 16.1, and against which Members must provide protection under this provision, have not arisen.

There is nothing in the text of the first sentence of Article 16.1 to suggest – as the complainants imply – an obligation by Members not only to provide protection where likelihood of confusion does arise but also to maintain market conditions that would enable the circumstances set out in this provision, including a likelihood of confusion, to actually occur in any particular situation.

In light of this understanding, we are not persuaded that causing the instances in which a 'likelihood of confusion' may arise to be reduced constitutes a violation of the trademark owner's right to prevent such infringements by third parties, as mandated by the text of Article 16.1, first sentence. This understanding is consistent with the purpose of the exclusive rights conferred by Article 16.1, which is to protect the right owner against infringements of its registered trademarks.

To conclude otherwise would effectively broaden the scope of Article 16.1 to encompass an additional right to protect against reduction of distinctiveness of a trademark, or even a right to protect against lesser awareness of a trademark among consumers."<sup>11</sup>

12. The Panel in *Australia – Tobacco Plain Packaging*, in considering an argument that the tobacco plain packaging measures violate Article 16.1 by impairing the distinctiveness of tobacco-related registered trademarks, clarified the role of distinctiveness in the context of Article 16.1:

"A registered trademark is likely to be distinctive in the relevant jurisdiction, as distinctiveness is a condition for registration under Article 15.1. The decision to register a trademark is generally based on a finding under domestic law that it was (or has become) distinctive in that jurisdiction at the time of that determination. As the text of Article 16.1 refers only to 'owners of the registered trademark', rights under that provision become available upon registration. It is thus clear that Article 16.1 does not relate to the acquisition of distinctiveness through use as a prerequisite for registration. As concerns registered trademarks, Article 16.1 itself does not mention distinctiveness, but identifies 'likelihood of confusion' as one of the infringement criteria. As under Article 15, a Member's obligation under Article 16.1 is to provide a right for the trademark owner to prevent situations that fulfil the infringement criteria. Article 16.1 does not make Members responsible for the conditions in which those infringement criteria, such as a 'likelihood of confusion', can be fulfilled, let alone

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<sup>10</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, paras. 7.699–7.700.

<sup>11</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.1999–7.2002.

obligated to refrain from regulatory conduct that might impair a trademark owner's ability to maintain the distinctiveness of a sign in order to satisfy the 'likelihood of confusion' criteria."<sup>12</sup>

13. In rejecting the claim, the Panel concluded:

"This confirms our view that, in the absence of a positive right to use a trademark, regulatory measures that do not affect the negative right to prevent infringing uses are not prohibited by Article 16. Conversely, measures that *do* constrain the right to prevent provided in Article 16.1 *do violate* the Agreement – whether they do so incidentally or directly. However, the negative Article 16.1 right to prevent infringing uses does not extend to an entitlement to maintain or extend the distinctiveness of an individual trademark, which inevitably fluctuates according to market conditions and the impact of regulatory measures on those market conditions.

In light of the above, we disagree with the claim that Article 16.1 contains a general obligation on Members to refrain from regulatory measures that can negatively affect distinctiveness of individual registered trademarks, whether such measures affect trademarks incidentally or directly."<sup>13</sup>

14. The Appellate Body in *Australia – Tobacco Plain Packaging* further observed that Article 16.1 does not: (i) require Members to provide a "minimum opportunity" for a trademark owner to use its trademark in order to preserve or strengthen the distinctiveness of the trademark; (ii) provide the criteria for assessing whether the unauthorized use by third parties of similar signs has "result[ed] in a likelihood of confusion" with the registered trademark; or (iii) require Members to ensure that the factual scenario contemplated by the cumulative conditions in Article 16.1 occurs.<sup>14</sup>

15. The Panel in *Australia – Tobacco Plain Packaging* further considered an argument that, since maintaining distinctiveness was the rationale for the minimum rights in Article 16, the principle of effective treaty interpretation requires that Members provide a minimum opportunity to use trademarks under Article 16.1:

"In adopting the trademark provisions in Section 2 of Part II, Members have therefore committed to providing a minimum right to prevent third-party infringement to owners of signs that comply with the distinctiveness requirement of Article 15.1, and that have not been refused registration by Members on any of the various grounds available to them under Article 15 and the relevant provisions incorporated from the Paris Convention (1967). Members have not taken on a general responsibility for safeguarding the distinctiveness of signs, either before or after such signs have been registered as trademarks. The importance of use of a trademark is recognized in the TRIPS Agreement by conditioning measures that encumber such use in the context of Article 20, and by recognizing the right owner's interest in using the trademark to maintain distinctiveness as a factor in determining permissible exceptions in the context of Article 17. At the same time, it is clear that obstacles to trademark use can and do legitimately exist, and that Members retain the authority to encumber the use of trademarks under certain conditions.

Adopting an interpretation of Article 16 that would require Members to safeguard a minimum opportunity to use the registered trademark is therefore not only without basis in the text of the provision itself, but would also create disharmony with those provisions of the trademark section that (a) expressly provide for conditions under which use can be encumbered (Article 20); and (b) address the consequences of obstacles to use (Article 19). These provisions clearly foresee potential regulatory prevention of use. Further, to read Article 16 as imposing upon Members limitations on regulations regarding trademark use could potentially render Article 20 itself, which addresses this point directly, *inutile*.

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<sup>12</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, para. 7.2010.

<sup>13</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.2015-7.2016. See also para. 7.2026.

<sup>14</sup> Appellate Body Reports, *Australia – Tobacco Plain Packaging*, para. 6.601.

In light of the above, we find that the obligation to give a legally operative meaning to all the provisions in Section 2 of Part II of the TRIPS Agreement harmoniously, without reducing any of them to redundancy, as required by the principle of effective treaty interpretation, does not support an interpretation of the minimum rights in Article 16 as requiring Members to provide a minimum opportunity to use a registered trademark."<sup>15</sup>

16. In upholding the Panel's findings regarding the interpretation of Article 16.1, the Appellate Body in *Australia – Tobacco Plain Packaging* rejected an argument that the purpose of the exclusive right articulated in Article 16.1 is to allow a trademark owner to protect the distinctiveness of the trademark through the trademark owner's continued use of that trademark:

"[W]e recall that Article 2.1 of the TRIPS Agreement provides that, '[i]n respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).' None of these referenced provisions of the Paris Convention (1967) grant a trademark owner a positive right to use its trademark, or a right to protect the distinctiveness of that trademark through use. Hence, neither the TRIPS Agreement nor the provisions of the Paris Convention (1967) that are incorporated by reference into the TRIPS Agreement confer upon a trademark owner a positive right to use its trademark or a right to protect the distinctiveness of that trademark through use. Accordingly, there is no corresponding obligation on Members to 'give effect' to such 'rights'. Rather, in accordance with Article 1.1 of the TRIPS Agreement, Members are required to give effect to Article 16.1 by ensuring that, in the Members' domestic legal regimes, the owner of a registered trademark can exercise its 'exclusive right to prevent' the infringement of its trademark by unauthorized third parties."<sup>16</sup>

#### **1.2.5 "a likelihood of confusion shall be presumed"**

17. The Panel in *EC – Trademarks and Geographical Indications (Australia)*, explained that the second sentence of Article 16.2 clarifies the first sentence:

"Article 16.1 of the TRIPS Agreement, in its first sentence, provides for a right that refers to 'identical or similar' 'signs' and 'goods or services' and depends on a 'likelihood of confusion'. In its second sentence, it provides for a presumption of a 'likelihood of confusion' with respect to use of an 'identical sign for identical goods or services'. Therefore, the second sentence clarifies how the first sentence is implemented, in particular circumstances."<sup>17</sup>

#### **1.2.6 "making rights available on the basis of use"**

18. In *US – Section 211 Appropriations Act*, the Appellate Body rejected an argument that the holder of a trademark registration must, under Article 16.1, be considered the owner of the trademark until such time as it ceases to hold the registration:

"We recall that the European Communities contends that the Panel created an artificial distinction between the owner of a registered trademark and the trademark itself. We disagree with the apparent equation by the European Communities of trademark registration with trademark ownership. Here, again, the European Communities appears to us to overlook the necessary legal distinction between a trademark system in which ownership is based on registration and a trademark system in which ownership is based on use. As we have noted more than once, United States law confers exclusive trademark rights, not on the basis of registration, but on the basis of use. There is nothing in Article 16.1 that compels the United States to base the protection of exclusive rights on registration. Indeed, as we have also observed more than once, the last sentence of Article 16.1 confirms that WTO Members may make such rights available on the basis of use. The United States has done so. Therefore, it necessarily follows that, under United States law, registration is *not* conclusive of

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<sup>15</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.2028-7.2030.

<sup>16</sup> Appellate Body Reports, *Australia – Tobacco Plain Packaging*, para. 6.586.

<sup>17</sup> Panel Report, *EC – Trademarks and Geographical Indications (Australia)*, para. 7.691.

ownership of a trademark. Granted, under United States law, the registration of a trademark does confer a *prima facie* presumption of the registrant's ownership of the registered trademark and of the registrant's exclusive right to use that trademark in commerce. But, while we agree with the Panel that the presumptive owner of the *registered* trademark must be entitled, under United States law, to the exclusive rights flowing from Article 16.1 unless and until the presumption arising from registration is successfully challenged through court or administrative proceedings, we do not agree with the European Communities' evident equation of registration with ownership."<sup>18</sup>

### 1.3 Article 16.3

19. In *Australia – Tobacco Plain Packaging*, the Panel summarized its general interpretative analysis of the nature of the obligation in Article 16.3 as follows:

"Article 16.3 of the TRIPS Agreement, together with Article 6*bis* of the Paris Convention (1967), therefore sets out a specific dimension of protection for well-known trademarks by defining the factual circumstances that trigger Members' undertaking to refuse or cancel a registration, and to prohibit the use, of a conflicting trademark. If these factual circumstances are present, Members must react in the prescribed manner either *ex officio*, or at the request of an interested party. Therefore, in order to show that the TPP measures violate Australia's obligation under Article 16.3, Indonesia and Cuba would have to demonstrate that Australia, under its domestic law, in this instance under the TPP measures, does not provide for the refusal or cancellation of the registration, and the prohibition of use, of a trademark that conflicts with a well-known mark where the conditions set out in Article 6*bis* and Article 16.3 are met."<sup>19</sup>

20. In *Australia – Tobacco Plain Packaging*, the Panel rejected an argument that the tobacco plain packaging measures are inconsistent with Article 16.3 because they prevent the maintenance of well-known status for certain tobacco-related trademarks:

"We recall our assessment above that Article 16.3, together with Article 6*bis* of the Paris Convention (1967), formulates an obligation for Members to refuse or cancel a registration and to prohibit the use of a trademark conflicting with a registered well-known trademark that is used on non-similar goods and services under certain factual conditions. We also recall that Members' compliance with this obligation is independent of the actual occurrence of these factual conditions in the market. In light of this understanding, and in line with our assessment under Article 16.1 above, we disagree that a reduction in the *factual occurrence* in the marketplace of the situations that would trigger well-known trademark protection constitutes a reduction in the *availability* of such protection mandated by Article 16.3 of the TRIPS Agreement and Article 6*bis* of the Paris Convention (1967). In other words, while Article 16.3 and Article 6*bis* oblige Members to protect currently well-known trademarks in the manner specified in these provisions, they do not require Members to provide such protection for trademarks that do not, or do no longer, fulfil these criteria – and not doing so is therefore not a violation of Article 16.3.

...

Recalling our findings in paras. 7.2116, 7.2118 and 7.2121 above, we conclude that the possibility of a reduced knowledge of previously well-known trademarks in the market does not, in itself, constitute a violation of Article 16.3, because Members' compliance with the obligation to provide well-known trademark protection under Article 16.3 of the TRIPS Agreement and Article 6*bis* of the Paris Convention (1967) is independent of whether well-known trademarks actually exist in the market. Outside its express obligation, Article 16.3 does not require Members to refrain from taking measures that may affect the ability of right owners to maintain the well-known

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<sup>18</sup> Appellate Body Report, *US – Section 211 Appropriations Act*, para. 199.

<sup>19</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, para. 7.2099.



trademark status of individual trademarks, or to provide a "minimum opportunity" to use a trademark in the market."<sup>20</sup>

21. In *Australia – Tobacco Plain Packaging*, the Panel also rejected an argument that the tobacco plain packaging measures are inconsistent with Article 16.3 because they prevent certain tobacco-related trademarks from acquiring well-known trademark status through use:

"We also recall our finding above that Article 16.3 only provides for an undertaking by Members to refuse or cancel a registration, and to prohibit the use, of a trademark conflicting with a registered well-known trademark that is used on non-similar goods and services where: (a) use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark; and (b) the interests of the owner of the registered trademark are likely to be damaged by such use. As described above, this does not amount to an obligation for Members to permit or maintain the occurrence of the factual criteria set out in these provisions, and the obligation in Article 16.3 to provide protection for well-known trademarks against certain uses does not require Members to maintain the well-known status of individual trademarks in order for that additional protection to apply.

We further recall our finding that, outside the scope of express obligations set out in the TRIPS Agreement, the Agreement does not oblige Members to ensure that private parties are in a position to fulfil such criteria, or to refrain from regulations otherwise not inconsistent with the covered agreements that may affect the market conditions that determine how easy or difficult it is for private parties to meet such criteria. In our view, these findings apply equally in the context of the present claim. We therefore conclude that, even assuming that the operation of the TPP measures results in situations in which certain registered trademarks may be less likely to acquire well-known trademark status, this would not constitute a violation by Australia of Article 16.3."<sup>21</sup>

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<sup>20</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.2116 and 7.2123.

<sup>21</sup> Panel Reports, *Australia – Tobacco Plain Packaging*, paras. 7.2128–7.2129.