

Managing Intellectual Property

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WELCOME REFORMS TO TRADE MARK PROTECTION

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Turkey's new IP Code introduces significant changes to trade mark law. Hande Hançar Çelik and Zeynep Seda Alhas of Gün + Partners highlight the most important ones

Turkey's long-awaited Industrial Property Code number 6769 has entered into force upon publication in the Official Gazette on January 10 2017.

The IP Code is mostly welcome as the Turkish IP regime has needed reform for a long time. Except for copyright, the main IP rights, namely patents, geographical Indications, industrial designs and trade marks were all regulated in the form of decree-laws which entered into force 20 years ago. The legal texts were mostly compatible with EU regulations and throughout the years they needed revisions to better comply with the changing dynamics of the IP field. Most importantly, the legitimacy of these decree laws – which are administrative legal regulations – has been debatable as according to the Turkish Constitution, any individual rights including the right of property shall be regulated only by Law. Over the last couple of years, the Turkish Constitutional Court has indeed annulled several provisions of these decree-laws based on grounds of unconstitutionality and this has created legal gaps.

The IP Code has now replaced the decree-laws mentioned above, unifying them into a single code. The IP Code contains five chapters and approximately 200 provisions, both introductory and common. Chapter 1 of the Code regulates trade marks, chapter 2 regulates geographical indications, chapter 3 regulates designs and chapter 4 regulates patents. It is worth noting that the decree-laws on the protection of trade marks, patents and industrial designs will continue to apply to international and national trade mark, design and patent applications filed before January 10 2017, until the "registration process started before the given date is complete", which should also cover court actions that follow these administrative procedures.

Significant trade mark changes

The IP Code introduces changes that will affect trade mark law significantly. These will be discussed in detail under relevant headlines, but it is worth mentioning some rather minor changes in bullets first:

- The Turkish Patent Institute's name has changed into the Turkish Patent and Trademark Office (TPTO), with the aim of adding "trade mark" to the Office's name.
- The protection of well-known trade marks in the meaning of the Paris Convention, which was recently revoked by the Constitutional Court, has been re-introduced as a relative opposition and invalidation ground. While these trade marks are indeed under protection even in the absence of such provision courtesy of the international treaties that Turkey is a part of, it is still a favourable development to have it clearly in the national law.
- Likewise, bad faith is set forth as separate opposition and invalidation grounds, whereas it used to be applied by courts and the TPTO as per general provisions.

- The graphical representation criteria for signs to be registered as a trade mark has been changed into "signs capable of being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor", aligned with the EU Trade Mark Directive.
- It is set out that a sign that contains geographical indications cannot be registered as a trade mark.
- The term for opposition has been shortened from three months to two months. It is noteworthy that this provision will apply to trade marks irrespective of whether they were applied for before January 10 2017 while at the same time not bearing any effect on opposition deadlines for applications with an earlier application date.
- The principle for domestic exhaustion of IP rights has been changed to international exhaustion. Furthermore, the principle of exhaustion of trade mark rights has been limited to products (instead of trade marks) released in the market. This principle does not apply to the next generation products before they are released in Turkey.

Co-existence of trade marks

One major change is that co-existence is now available under the IP Code. It is now possible to overcome the *ex officio* absolute ground of refusal that under the preceding legislation used to prevent even the initial registration of a trade mark identical or indistinguishably similar to an earlier trade mark, with the submission of either a notarised letter of consent from the senior trade mark's owner or a co-existence agreement.

Cancellation due to non-use

Only four days before the IP Code entered into force, the Constitutional Court annulled Article 14 of the Trade Mark Decree-Law, which was the sole provision for cancellation actions due to non-use, on the grounds of unconstitutionality.

The IP Code has regulated again the cancellation procedure due to non use but the legal gap even for four days has an effect on existing non-use cancellation actions, as the IP courts have different approaches on how to deal with the gap. This issue is expected to be resolved soon, most probably with a Court of Appeals decision.

The IP Code has changed the cancellation procedure due to non-use: according to the new regulation; the procedure will be dealt with by the TPTO and not the courts. However, the date of effect of this provision has been suspended for seven years; thus cancellation actions will continue to be filed before IP courts until the year 2023. In the meanwhile, the TPTO will get prepared to deal with such office actions.

This is perceived as a favourable development for Turkish trade mark law, but the article's interpretation is under scrutiny by the IP courts, as it seems to be ordering the courts to review the non-use actions as per the procedural rules that were foreseen for the TPTO's administrative procedures – not the usual Code of Civil Procedures (CCP). This point is expected to be resolved – most probably with the courts' decision to apply CCP at their own discretion – soon.

Non-use plea

The non-use of a trade mark that was cited as grounds in opposition or infringement/cancellation proceedings may also be posed as a defence by the applicant or the defendant. In this respect, where the ground trade mark registration in Turkey dates back to at least five years before the application of the opposed trade mark or the filing of the court action and upon request by the applicant/defendant, the TPTO/court will demand evidence from the opponent/claimant to show genuine use of the trade mark in Turkey or they must reasonably justify the non-use. If genuine use cannot be proven, the opposition/court action will be dismissed. If, on the other hand, it is partially proven, the opposition/action's examination will be conducted taking account of only the goods/services the trade mark's non-use on which is deemed justified.

This is again perceived as a positive amendment, whereas for the cancellation actions the IP Code also requires the genuine use of the ground trade mark prior to the application's filing date – not only the court's filing date. Due to this rule, when a trade mark owner who cannot prove the use of his/her trade mark within the five years predating the defendant's trade mark's application date can still lose the cancellation

action, regardless of whether or not his/her trade mark was duly used prior to the court action. This shows the importance the law-maker gives to the genuine use of the mark within the first five years from its registration.

That is not the case in infringement actions, as there is indeed no registration of the defendant involved. In infringement actions, use of the ground mark prior to the court action would suffice.

Loss of right due to acquiescence

The Trade Mark Decree-Law ambiguously made reference to a five-year term for filing an invalidation action as from the date of registration, which was backed up with Court of Appeals precedents and became a settled rule. The Decree-Law regulated that the claimant has to prove the well-known status of their ground trade mark and the bad-faith of the defendant together, if the action is filed after the relevant date. The Court of Appeals also applied "loss of right due to acquiescence" rule, on average after 10 years from the registration, even if the defendant's trade mark was applied in bad-faith.

The IP Code's relevant provision combines the limitations on filing an invalidation action with loss of rights due to tolerating the "use" of the trade mark, and simply sets forth the bad faith of the registrant as the exception thereof. The provision basically sets forth that if the owner of the senior mark has remained silent as to the use of the later registration for a consecutive term of five years, while he/she knows or should have known about this use, the senior mark cannot be brought forward as invalidation grounds, provided that the latter registration is not in bad faith.

The interpretation of this article simply brings out the following;

- The right to file an invalidation action against a trade mark that was registered in good faith would lapse in five years from the date the owner of the senior mark has remained silent to its use, not registration.
- There is no deadline for filing an invalidation action where the relevant registration is in bad faith.
- As for the rule of "should have known the use", the courts are expected to consider the "prudent businessman" rule in the Turkish Commercial Court and decide whether or not it can be expected from the claimant to know a certain use in Turkey depending on the matter.

Within the scope of this quite important provision, it is mostly wondered if the Court of Appeals would abide by its earlier precedent and decide that the right to file an invalidation action against a trade mark should still be lost – if the action is not filed within a "reasonable" time from its registration (not use), regardless of whether or not the defendant obtained the registration in bad-faith.

De facto immunity through registration

A common defence in infringement actions in the decree-law era of Turkish trade mark law was a registration owned by the defendant, regardless of the fact that it did not predate the claimant's; such a defence would lead to the refusal of the court action altogether. With its precedents, the Turkish Court of Appeals even granted a similar protection to published trade mark applications and the courts started rejecting preliminary injunction claims against the infringing uses where the defendant owns a published trade mark application – which was quite easy to obtain – and wait for the trade mark application's possible registration before proceeding with the infringement trial. This was a highly debated issue amongst Turkish trade mark practitioners, which has now changed.

An IP right holder can no longer pose their registered right – or application, *a fortiori* – as a defence in an infringement action filed by a priority right holder. Consequently, having an even later registration will not mean that there is no infringement and the courts will review infringement actions by ignoring the later rights of the defendants.

Criminal provisions

The IP Code provides that anyone manufacturing goods or providing services with identical or confusingly similar trade marks to another's, offering for sale or selling, importing or exporting, buying, keeping,

shipping or stocking them for commercial purposes shall be liable to criminal sanctions. The Decree-Law did not refer to the acts of "importing or exporting, buying, keeping, shipping or stocking them for commercial purposes" and while the majority of the criminal courts acknowledged those as punishable acts as well, some courts rejected complaints as those acts are not clearly stated in the relevant article – thus this is a quite important amendment for criminal proceedings.

Fast destruction process for counterfeits

The IP Code also introduced the fast destruction process to the Turkish trade mark law. According to the IP Code, where the seized counterfeit products have been damaged or have incurred loss to their value or if their preservation constitutes serious burden, the court may decide on their destruction before a final decision on the merits of the case is rendered, once their counterfeit nature is established with an expert examination.

The new IP Code is generally considered as a favourable development and is welcomed by stakeholders. While some issues are expected to cause some debates as explained above briefly, the IP Code is expected to resolve some of the paramount issues for IP right owners in Turkey.

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