

Court of Cassation overturns longstanding precedents on cumulative protection afforded by trademark infringement and unfair competition provisions

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Legal updates: case law analysis and intelligence

- Cumulative protection is no longer available in light of a recent Court of Cassation decision
- Trademarks are protected under the IP Code, but “name[s], title[s] or trademark[s]” are not covered by the unfair competition provisions under the new Commercial Code
- The decision will have a serious impact on pending cases

In a recent decision that challenges longstanding precedents, the Court of Cassation has ruled that, in cases where trademark infringement has been found, it is no longer possible to accept that the same infringing act also creates unfair competition.

Background

In a civil court action involving pharmaceutical companies, the plaintiff argued that the defendant used a mark that was confusingly similar to its registered trademarks for the same or similar goods in Class 5. The plaintiff requested:

- a determination of trademark infringement and unfair competition;
- the prevention and cessation of the defendant’s infringing use; and
- a preliminary injunction order to prevent the defendant from using the infringing mark until the finalisation of the case.

The first-instance court accepted the plaintiff’s requests and issued a preliminary injunction order at the beginning of the case to prevent the defendant’s infringing use. The court then decided to uphold the trademark infringement claims, but dismissed the unfair competition claims on the grounds that the plaintiff should not benefit from the protection afforded by the unfair competition provisions in addition to that afforded by the trademark infringement provisions.

Both parties appealed the decision before the Regional Court of Appeals. The Regional Court of Appeals decided to accept the plaintiff's appeal on the ground that the defendant's acts created unfair competition, because the defendant continued to use the infringing mark despite the refusal of its application for registration of that mark by the Turkish Patent and Trademark Office. The refusal was based on the ground that the defendant's trademark application was similar to the plaintiff's registered trademarks to the extent that it created a likelihood of confusion, and was incompatible with the good-faith principle under the Turkish Commercial Code. The defendant appealed to the Court of Cassation.

Court of Cassation decision

In a decision dated 14 March 2022 (No 2019/5189 E 2022/1852 K), the Court of Cassation overruled the decision of the Regional Court of Appeals on the ground that, as trademarks are protected under the Intellectual Property Code (No 6769) (and the former Decree Law No 556 on the Protection of Trademarks), the trademark infringement acts were protected cumulatively under the relevant articles of the Commercial Code No 6762; the relevant article of the Commercial Code No 6102 ('new Commercial Code') states that acts that lead to confusion with the goods, work products, activities or businesses of others creates unfair competition, but does not include the protection of a "name, title or trademark" on purpose, as trademarks are already protected by the trademark infringement provisions of the IP Code. Therefore, it is not necessary to also protect trademarks under the unfair competition provisions under the new Commercial Code.

Following the decision of the Court of Cassation, the case file was returned to the Regional Court of Appeals. The latter decided to comply with the decision of the Court of Cassation, upheld the case only in terms of the trademark infringement claims and dismissed the unfair competition claims. The parties did not appeal the decision and the case was recently finalised.

Comment

The fact that the Court of Cassation changed its longstanding precedents has come as a surprise to practitioners: the court stated that it is no longer possible to maintain its previous precedents on the cumulative protection afforded by the trademark infringement and unfair competition provisions, as trademarks are protected under the IP Code (and the former Decree Law) and "name[s], title[s] or trademark[s]" are not covered by the scope of the unfair competition provisions under the new Commercial Code. It is noteworthy that the new code entered into force in 2012; however, until recently the Court of Cassation had upheld all decisions where such cumulative protection had been accepted in similar cases. In addition, there has been no recent change in the legislation that would explain the Court of Cassation's decision.

The finalised decision will have a serious impact on pending cases. Some courts have already started to dismiss unfair competition claims in similar infringement actions on the ground that cumulative protection is no longer available in light of the Court of Cassation's decision.

Arguably, this decision cannot be considered as a precedent in all cases where trademark infringement and unfair competition claims are brought together, and there needs to be a distinction between these cases - even though the Court of Cassation did not make one in its reasoning.

For instance, if there is infringing use of a registered trademark on a product, but the product packaging is not similar to the rights owner's products, then the infringing use should be prevented under the IP Code. It is thus sufficient to bring only trademark infringement claims; otherwise, the courts will likely dismiss the unfair competition claims in light of the Court of Cassation's recent decision.

However, in cases where the defendant is using a similar trade dress, or discrediting or making false statements/publications about the plaintiff or its products, activities or business, the protection afforded by the unfair competition provisions should still be available, in addition to that afforded by the trademark infringement provisions, because such acts would fall within the scope of the unfair competition provisions under the Commercial Code.

In light of the above, before initiating a civil court action based on trademark infringement and unfair competition, the possible existence of additional factor(s) that may be considered as acts of unfair competition which do not fall within the scope of the IP Code should be assessed carefully.

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