

International report - Article 7/1(b) of the Trademark Decree-Law versus the principle of co-existence

06
APR 16

Gün + Partners - Turkey

Article 7/1(b) of the Trademark Decree-Law (556) provides for absolute refusal during the *ex officio* examination of the Turkish Patent Institute (TPI) by stating that a trademark "identical or indistinguishably similar to a trademark registered earlier or with an earlier filing date for registration in respect of identical or same type of products or services shall not be registered". Pursuant to this provision, a trademark which is identical or indistinguishably similar to an earlier trademark and which seeks to be registered for the same or similar goods and services will be rejected by the TPI at the first examination stage, without the need for the owner of the earlier trademark to file an opposition. According to the existing trademark regulations, the voluntary co-existence of such trademarks is not recognised.

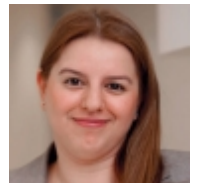
Based on this provision, the TPI rejected a trademark application for the mark shown below (left) based on absolute grounds for refusal, as it was found to be indistinguishably similar to the trademark shown below (right):



The TPI rejected the applicant's appeal. The applicant subsequently filed a court action seeking cancellation of the TPI decision. At first instance the IP court held that the expression 'identical' included in Article 7/1(b) should be interpreted as referring to an exact copy of a trademark, and the expression 'indistinguishable similarity' should be interpreted as the intense similarity of the trademarks, such that they could not be distinguished at first glance. Accordingly, the court held that there was no such similarity between these trademarks, and thus the TPI's decision should be cancelled. On appeal, the Court of Appeals confirmed the IP court's decision and the absence of indistinguishable similarity between the trademarks.

This decision demonstrates how Article 7/1(b) should and should not be interpreted and applied in practice. Although the TPI found that the trademarks at stake were identical or indistinguishably similar, the IP court and the Court of Appeals overruled the TPI's decision and concluded that the

GÜN+PARTNERS



**Güldeniz
Doğan Alkan**

**Dilan Sıla
Aslan**

trademarks were not identical or indistinguishably similar in a way that enabled the application of Article 7/1(b) as a ground of absolute refusal.

Although the basic objective of this provision is to serve public interest, its existence hinders the right of possession and the free market, thus harming the public interest. The above-cited decision and other similar decisions were intended to justify the cancellation of Article 7/1(b), which has long been debated by the TPI, rights holders and the courts. In this context, the Constitutional Court was expected to cancel the provision, as it had previously cancelled other provisions of the Decree-Law 556 (eg, Articles 42/1(c), 16/5 and 7/1(i)) based on unconstitutionality. However, this was not the case.

The Ankara Third Civil IP Court filed a request with the Constitutional Court to cancel Article 7/1(b) on the grounds of unconstitutionality, but this request was rejected (Decision 2015/118, December 23 2015, published in the *Official Gazette* of January 7 2016).

The Constitutional Court stated that the provision was not unconstitutional and thus should not be cancelled under Article 91 of the Constitution. Article 91 provides that regulations relating to property rights must not be restricted by decree-laws.

In its previous decisions, the Constitutional Court had cancelled other provisions of Decree-Law 556 on the grounds that they restricted trademark rights, which are a form of property right, where they were not entitled to do so. However, in the case at hand the Constitutional Court held that it would not cancel Article 7/1(b) since it was enacted by a law rather than a decree-law. The Constitutional Court's reasoning in regard to the procedural aspects was reasonable, but the court avoided trying to find a radical solution to the ongoing debate.

EU law and the law of other advanced jurisdictions have no equivalent to the ground of absolute refusal during the TPI's *ex officio* examination. Yet this provision is still in force under Turkish trademark law. The new draft Industrial Property Code was recently published for consultation. It is expected to be transferred to the Council of Ministers shortly and implemented by the end of 2016. As Article 7/1(b) is included in the draft code, the TPI will continue to face issues raised by the application of the article. However, the draft code also introduces the long-awaited co-existence principle into Turkish trademark law. According to this principle, the TPI will not *ex officio* refuse a trademark application if the applicant submits to the TPI a notarised letter of consent obtained from the owner of the older trademark. This is a significant amendment to the trademark law, opening the way for the registration of identical or indistinguishably similar trademarks by different persons or entities.

Although the regulation included in the new draft code looks promising, the TPI and rights holders are likely to continue to face issues arising from the implementation of Article 7/1(b) – or Article 5/1(ç) as it will be under the new code. For now, it remains to be seen whether the co-existence principle will ease the way and help to remove the obstacles created by older trademarks.

For further information please contact:

Güldeniz Doğan Alkan

Gün + Partners

www.gun.av.tr

Email: guldeniz.dogan@gun.av.tr

Tel: +90 212 354 00 00