

Turkey: The Dilemma Of Co-Existence Of Trademarks Under Turkish Law

By Uğur Aktekin and Begüm Beyhan
Mondaq, 17.09.2009

Trademarks are defined as signs distinguishing the goods and services of one undertaking from the goods and services of the same kind or another undertaking. In this sense, "distinguishing certain goods and services of an undertaking from other goods and services of the same undertaking or other similar goods and services provided by other undertakings" is considered as the main function of trademark.

On the other hand, in the usual flow of the business life, since the signs that can be chosen as trademarks are limited, it is possible to see identical or confusingly similar trademarks used by companies doing business in the same industry coexists without any dispute. Even though it is sometimes observed that some of these trademarks, in particular confusingly similar ones, coexist as registered trademarks, it is generally not possible to register identical or even confusingly similar trademarks if there isn't any dispute between the holders of the trademarks under Turkish law. This implementation prevents registration of some of the trademarks that are used for a long period of time without the intervention of the proprietor of an identical or confusingly similar trademark and therefore, deprive them of the advantageous provisions of the Trademark Law.

Under the system of Decree Law No.556 Concerning the Protection of Trademarks, the mechanism for protection of distinctive character of trademarks is the "similarity" examination. The implementation of similarity examination differs from country to country. Where in some countries an examination is made under absolute grounds of refusal as well, others carry out a similarity examination only upon oppositions of trademark holders.

In Turkey, the initial examination on which signs can be registered as trademarks is made upon the filing of the trademark application by Turkish Patent Institute ("TPI") under the provisions of the Decree Law. The TPI bases this examination on two main grounds simply defined by the provisions of the Decree Law and the doctrine as "Absolute Grounds for Refusal" and "Relative Grounds for Refusal".

The refusal grounds defined as "Absolute Grounds for Refusal" are deemed to be concerning public policy, are set forth under art.7 of the Decree Law and the examination regarding these refusal grounds for refusal is considered by TPI *ex officio* during each stage including the application, publication and opposition stages. Similarly courts are also bound with the absolute grounds for refusal and have to make an *ex officio* examination during cases pending before them.

The examination concerning the relative grounds for refusal is set forth under art.8 of the Decree Law and it arises *"upon an opposition by the proprietor of an application for registration of a trademark or of a registered trademark"*.

This article concerns the interpretation of the terms ***"trademarks identical or indistinguishably similar with a trademark registered earlier or with an earlier date of application for registration in respect of an identical or same type of product or services"*** set forth under absolute grounds for refusal under art.7/1(b) of the Decree Law in Turkish Law

and problems caused by this interpretation in practice. The related article of the Decree Law is as follows:

"Article 7 - Following signs shall not be registered as a trademark:

.....b) (Amended: 5194- 22.6.2004/m.13) Trademarks identical or indistinguishably similar with a trademark registered earlier or with an earlier date of application for registration in respect of an identical or same type of product or services, "..."

The main purpose of the identity and similarity examination conducted *ex officio* under absolute grounds for refusal provided under art.7 of the Decree Law is to protect the distinctive character of the trademarks and public policy by avoiding registry of reiterated trademarks. Basically, this provision takes its place in Turkish Law as a reflection of the origin identifying function of the trademarks. However, while the developments and changes in business life have strengthened other functions of trademarks such as the guarantee function, origin identifying function has gotten much weaker. As a result of domination of the global economic rules, the trademarks have started to indicate goods of a certain quality or services provided under certain standards by drifting away and abstracting themselves from their holders. In this regard, nowadays, consumers perceive the trademarks independent from their proprietor undertakings and choose the product by focusing on the trademark bared rather than the manufacturer.

According to the statement under the absolute grounds for refusal set forth under art.7/1(b) Decree Law, a trademark application should be rejected upon an *ex officio* examination made by the TPI if the trademark application is "identical or indistinguishably similar" with an earlier registered trademark or an earlier dated application for registration in respect of an "identical or same type of product or services". As a general rule, the determination of "indistinguishable similarity" between the trademarks is based on their overall impressions.

As mentioned above, the regulation concerning the examination of absolute grounds for refusal differs from country to country. Decree Law art.7/1(b), does not take place in Regulation 40/94 constituting the reference text of the Decree Law. Additionally the provision provided under art.7/1(b) of the Decree Law No.556 does not take place under EU Directive 89/104 which has been availed from during preparation of the mentioned Decree Law, either. In fact; there are no provisions within the scope of the absolute grounds for refusal set forth under the mentioned Community Trademark Regulation corresponding to art.7/1(b) of the Decree Law No.556, and the confusingly similarity with an earlier trademark/trademark application has been regulated as the right of opposition directly granted to the holders of the earlier trademarks. Its reflection in practice results in that TPI rejecting some trademarks under absolute grounds for refusal which are already registered under similar conditions in EU member states the legislation of which are thought to be harmonized with Turkish Law. In other words, trademarks concurrently registered in trademark registries of EU member states will not be registered under Turkish Law, with one registered trademark being the ground of refusal of the other even if the trademark holders do not raise any oppositions.

On the other hand, when the TPI decisions are examined it can be perceived that TPI interprets art.7/1(b) of the Decree Law No.556 broadly and may reject even the trademark applications that can be considered as "similar" with the earlier trademark/trademark applications within the meaning of relative grounds for refusal, upon an examination made under absolute grounds for refusal.

It is possible to say that decisions granted by the Civil Courts of Intellectual and Industrial Rights make an interpretation of art.7/1(b) of the Decree Law No.556 complying better with the purpose of the provision, contrary to TPI's broad interpretation. For instance, upon the rejection of "4US" trademark application based on the earlier "FOR US" trademark in accordance with art.7/1(b) of the Decree Law No.556; the 2nd Civil Court of Intellectual and Industrial Rights of Ankara, in its decision dated 01.05.2008 and numbered 2007/90E. 2008/110 K., has stated that the trademark application subject to the action is not identical or indistinguishably similar with the trademark shown as the grounds for the rejection.

It should not be possible to interpret art.7/1(b) not taking place under regulations of many countries and even EU Directive constituting the reference of the Decree Law No.556, in a way that allows TPI to reject even the "similar" trademark applications *ex officio*.

Another contradicting issue is the letter of consent of the holder of the earlier trademark to the applicant of the later trademark application to overcome the Decree Law art.7/1(b) obstacle. In practice, TPI does not acknowledge such letters of consent and rejects the application under absolute grounds for refusal even if the holder of the earlier trademark consents or does not withdraw the rejection decision in case the consent is submitted at a later stage. The *ex officio* rejection of the trademark application by the TPI even where there is no dispute between the holder of the earlier trademark and the applicant of the latter trademark application concerning the similarity in trademarks and likelihood of confusion on the part of public, disadvantages the trademark holders. At this point the concept of protected interest is transformed by the Turkish Law system and the priority of the "right of the trademark holder" is diverted to "public policy" and even to "non-deception of the consumers".

Even though there are no regulations in Directive 40/84 concerning the absolute grounds for refusal, in contrast to the TPI application the letters of consent are acknowledged during oppositions. In this regard, even though OHIM accepts that the letter of consents issued by the holder of the earlier trademark for registration of the later trademark application may be valid, it has also adapted the opinion that OHIM will not be bound with such letter of consent since they are private contracts. The 10.12.2004 dated and R 330/2002-2 numbered OMEGA decision and 30.07.2002 dated and R 1167/2006-1 numbered COMPARE decision granted by the OHIM are in this direction. On the other hand, at the 27.11.2007 dated and R 1167/2006-1 numbered SKY decision OHIM has considered a contract of 20 year between the parties and examined the action from the merits. Even though the OHIM has not accepted the applicants claims on the contract since the trademark subject to the dispute regards to "SKY device" trademark while the contract concerned the SKYROCK, SKYZIN and SKY CHANNEL trademarks, the fact that it has examined the contract between the parties from merits shows that the latest approach of the OHIM is to consider the will of the parties.

Although it is not possible to overcome absolute grounds for refusal under the scope of art.7/1(b) of the Decree Law No.556, until the amendment of art.7/II of the Decree Law on 2004, it was possible to register a trademark that was identical or indistinguishably similar with the earlier trademark/trademark application without being affected by the absolute grounds for refusal for the same goods or services in accordance with the reference to the mentioned article of the Decree Law and only if the sign has acquired a distinctive character before the date of registration. Before the amendment on 2004, art.7/II stipulated that "The provisions of (b), (c) & (d) cannot be invoked to refuse the registration of a trademark which has been used before the registration and has acquired distinctive character through this use in respect of the goods and services for which it is to be registered"

Therefore under the practice before 2004, despite the existence of a similar trademark within the meaning of art. 7/1(b), it was possible to register a trademark application through an opposition or action in case the latter trademark application acquired distinctive character through use is rejected due to an earlier registered trademark.

Another aspect of the option provided for the "trademarks acquired distinctiveness through use" is that, under the 6.bis of the Paris Convention it is accepted that the trademarks meeting the status of well-known trademarks should benefit from the mentioned option *a fortiori*. Decree Law No.556 art.7/1(i) stipulates that applications made for well-known trademarks according to 6.bis 1 of the Paris Convention, without the permission of the proprietor shall be rejected. In this regard, based on the reverse interpretation of art.7/1(i) provision, it can be said that it was possible to register a trademark that is identical or indistinguishably similar with a well-known trademark before the TPI, in case the holder of the well-known trademark according to article 6.bis 1 of the Paris Convention produced a letter of consent, for a long period of time. Again based on this provision, since it was possible to register a trademark in the name of a third party in case the holder of the well-known trademark showed consent, the registration of regular trademarks must also have been possible in case holder the earlier trademark showed consent. However, even though the consent of the proprietor of a regular trademark for the registration of a trademark identical or indistinguishably similar is given effect in practice, there are no precedents indicating acknowledgement of these documents by the TPI.

It can be seen that the settled TPI practice allowing the registration of well known trademarks with the consent of their proprietors has changed upon the amendment of 2004 on the Decree Law No.556. The major reason of this change is based on the abolishment of the reference made by art. 7/II to art.7/1(b) of the Decree Law. Before the amendment of 2004, the obstacle of art.7/1(b) could be overcome by this reference and the letter of consent of the well known trademark proprietor allowing the registration of the identical or indistinguishably similar trademark based on the Court of Appeals precedent concluding that well known trademarks should benefit from the 7/II provision *a fortiori*.

However, after the amendment on 2004, the "KINDER FRIENDS" trademark application containing the "KINDER" trademark, which has the well-known status and registered in Turkey under the name of an affiliate company of the same company groups managed by the same persons, has been rejected by the TPI due to art.7/1(b) of the Decree Law despite the letter of consent of the trademark holder. The applicant company has filed an action before the 1st Civil Court of Intellectual and Industrial Rights of Ankara for annulment of the mentioned rejection decision. The Court of Appeals has made determinations differing from the practice before 2004 regarding the interpretation and application of articles 7/1(b) and 7/1(i). According to interpretation of Court of Appeals; in terms of Paris Convention 6.bis 1 provision "The conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation" and provision of 4.bis 6/B-1 "when trademarks are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed shall not be registered" and art.7/1(b) of the Decree Law, the consent of the registered trademark holder given for registration of a trademark that is identical or confusingly similar with his trademark shall not incur any right in favor of the latter applicant.

With this decision, the Court of Appeals has given priority and superiority to art.7/1(b) as compared to art.7/1(i) both set forth under absolute grounds for refusal. Accordingly, a registered and well-known trademark in Turkey shall not be registered for identical or similar

goods/services under the name of a third party even if the holder of the trademark clearly gives consent to.

Therefore, it is not possible to overcome art.7/1(b) which regulates absolute grounds for refusal. Considering that nowadays the trademarks cover a wide range of goods and services, trademark applicants face difficulties to register their trademarks based on the registered but unused trademarks.

It is quite common for the companies to register trademarks that they do not use just because they are similar to the ones they actually use or to register trademarks for goods and services similar to the goods and services which they will actually use their trademark on, with the aim of widening the scope of protection. In this regard trademark applications of the latter applicants are rejected due to unused but registered trademarks and filing an invalidation action against the earlier registrations merely keep Courts unnecessarily occupied.

In light of the above explanations, we are of opinion that a regulation providing the trademark application to initially be compared with the earlier registrations/applications and then be rejected *ex officio* only if the application is identical with an earlier registration or application, is appropriate as otherwise, the holder of the earlier trademark registration will be obliged to track every trademark application identical to its trademark and file an opposition if that is the case. However, the examination of absolute grounds for refusal to include similar trademarks and especially trademark applications to be rejected even when there is consent of the earlier registered similar trademark causes significant problems in practice as briefly explained above.

Therefore, some provisions in favor of the trademark applicants should be introduced in order for them to obtain trademark protection. In this regard, considering that trademark use liability is for 5 years, this period could be shortened to 3 years as it is in the reference regulation which will at least reduce the number of trademark applications rejected because of the non-used trademarks. Additionally, the TPI to request additional information whether the trademark will be used or not could also be considered as an alternative solution.

Similarly, Court of Appeals and TPI recognizing the letter of consents by taking into account the fact that the origin indicating function of the trademarks has lost its significance may provide a solution.

As a matter of fact, the consent implies the existence of necessary contracts between the parties regarding the legal use of the trademark and indicates that there is no illegality such as counterfeit.

Consequently, we are of opinion that art.7/1(b) should be amended as to comprise only "identical" trademarks registered or applied for earlier and the initiative regarding similar trademarks shall be of the earlier right holder. Even if this is not possible, the phrase "indistinguishably similar" in art.7/1(b) of the Decree Law should be interpreted narrowly in accordance with the wording of the provision. On the other hand, in the case the latter trademark application identical or indistinguishably similar with the earlier trademark is rejected due to art.7/1(b) of the Decree Law, the written consent of the earlier trademark owner allowing registration of the application shall be considered as a presumption that the trademarks are not "indistinguishably similar" and be taken into account during the appeal process, which makes concurrent registration of similar trademarks possible for at least in cases where trademark owners do not have any oppositions against each other.

