

## Intellectual Property Law 2022 | The Year in Review

*2 Feb 2023*

### Introduction

2022 was a year, while we got back to our old habits, we also embraced new understandings - leading a plenty of developments. After the last three slower years, in 2022 we witnessed many remarkable practices in terms of Turkish Intellectual and Industrial Property Law. As Moroğlu Arseven, we evaluated the past year by bringing together ten articles regarding these current developments. We will continue to share the most recent developments with you in 2023.

### **1. Court of Appeal: Having a Trademark Registration does not Ensure Immunity Against Infringement Lawsuits, but The Conditions of Claims for Compensation Should be Examined.**

According to Article 155 of Turkish Industrial Property Law ("IPL") numbered 6769, "the owner of trademark, patent and design rights cannot assert his/her industrial property rights as the ground for defense in an infringement lawsuit filed by right holders with a prior right ownership or an application date." Until 10 January 2017, when the IPL entered into force, there was no regulation about this article in the decree-law. The regulation in the general provisions of the IPL prevents the infringing parties from creating a legal ground based on a trademark registration filed at a later date. That being said, the later-dated registrations can no longer be invoked as defense in an infringement case, and even if there is a later-dated registration, the use of its registration can be prevented during the proceedings. Moreover, unfair usage could entail compensation on behalf of the prior right holder.

This approach created confusion regarding compensation claims in infringement lawsuits. However, in recent verdicts issued by the Higher Court, this matter has been clarified. In the decision numbered 2020/145, 2022/4194 dated 30 May 2022, related to design rights and the decision numbered 2020/8380, 2022/4194 dated 24 May 2022 related to trademark rights, the court underscored the fact that infringement lawsuits should be evaluated on a case-by-case basis in terms of compensation claims and highlighted the following points:

- similarity between the prior- and later-dated registrations
- the relations between the parties and their closeness
- the need to evaluate the reputation of the product at issue and whether its sales in the market are widespread
- whether the owner of the later-dated registration is aware of the prior registration
- the defendants' awareness of the fact that their actions might/must have constituted infringement of a registered right
- whether the later-dated registration has been used differently from the prior-dated one, and if so, the duration of the use
- the nature of the use before registration

Then, an assessment should be carried out to determine whether the compensation conditions have been fulfilled or not. Pursuant to Article 155 of the IPL, the act of infringement alone does not ensure awarding compensation.

Based on the existing precedents, it is foreseen that in the long run, the Court of Cassation will evaluate compensation claims on a case-by-case basis.

## **2. The 19th Criminal Court of Appeal's Current Evaluation regarding Search Warrants for Counterfeit Products**

According to the Turkish Criminal Law, the Criminal Court of Peace is authorized to issue search warrants. Within the scope of anti-counterfeiting, the right holder whose trademark has been infringed files a complaint before the Public Prosecution Offices, where the complaint will be examined and, if it is found appropriate, a request will be sent to the Criminal Court of Peace to issue a search warrant.

The said process, however, has become dysfunctional over the past years due to the unrealistic perspective of the Criminal Court of Peace. Currently, most of the requests for search warrants are rejected on the basis of alleged lack of evidence, or the court might demand evidence that cannot be provided by the right holder, leading to a substantial number of unjustified decisions.

Another hurdle that complicates the matters and eventually brings the process to a deadlock is the objection mechanism. Once an objection to the refusal decision is lodged, the case is assigned to another judge at the same level of hierarchy as the one who refused to issue the search warrant. This prolongs the examination of the objection and the possible issuance of the warrant.

In order to conduct the search, the Criminal Procedure Code requires the existence of reasonable suspicion. According to Article 6 of the regulation regarding Judicial and Preventive Searches, reasonable suspicion is defined as suspicion in the face of concrete incidents during the regular flow of life.

During the evaluation of the search warrant requests, the most significant evidence to prove the existence of reasonable suspicion is receipts or invoices regarding counterfeit products. These are indispensable prerequisites to the examination of any other evidence by the courts. Both the Criminal Court of Peace and the Public Prosecution Offices refuse almost all search warrant requests if the right holder fails to submit any receipts or invoices. Infringers who are aware of this generally abstain from issuing receipts or invoices for the sale of counterfeit products. Therefore, it becomes harder for the right holders to collect the necessary evidence to obtain a search warrant. Considering the strict approach of the Criminal Court of Peace and the infringers' abstention from issuing receipts or invoices, obtaining a search warrant has become almost impossible.

The 19th Criminal Court of Appeal has recently issued a crucial decision regarding the evaluation of reasonable suspicion in terms of search warrant requests. The court held that although the complainant had not submitted any invoices, their expert opinion proved the counterfeit nature of the products. In addition, on the order of the Public Prosecutor, a report was obtained from the police department proving that the counterparty offered counterfeit products at their business location. The court accepted such evidence as sufficient even though there were no receipts or invoices. The court argued that the mere submission of an expert opinion would be sufficient to establish reasonable suspicion for the Criminal Court of Peace to issue search warrants.

## **3. The Regional High Court Rules on The Approximate Evidence Required for PIs in Patent Litigation**

In a pending patent infringement and invalidation action, the Regional High Court has ruled that the preliminary injunction (**PI**) that was granted without an expert report should be lifted.

It is not possible to deny the significance of PIs in patent litigation since they are effective tools during invalidation and infringement actions.

In Turkey, the legal framework and criteria for injunctions are outlined by the Civil Procedural Law numbered 6100 (**CPL**) and the Industrial Property Rights Law numbered 6769 (**IP Law**). The party seeking a PI must prove to the court that:

- They will suffer irreparable harm unless an injunction is granted, or
- Their desired outcome is legitimate and will be unlikely unless an injunction is issued.

The degree of proof requested by courts to order a PI is approximate, meaning due to the urgent nature of the injunction, the applicant does not have to prove their right in full. Therefore, courts can lower the degree of evidence required.

The regulations leave it to the discretion of the court to issue PIs ex-officio or in exchange for security. In patent cases, however, since the judges do not have technical background, it is quite common to grant a PI after an expert report is provided.

The case at hand involves a patent infringement claim by the plaintiff and a patent invalidation request as a counterclaim. Both parties sought PIs. The plaintiff requested that the commercialization of the goods at issue be prevented. On the other hand, the defendant (as the plaintiff in the counterparty action) sought a PI to block the assignment of the patent pending the outcome of the litigation. Additionally, the defendant requested that the plaintiff be prevented from asserting its rights arising from its patents against the defendant and the parties to whom it sells the products.

The first instance courts decided to evaluate the plaintiff's PI request only after evidence from all parties was collected. In contrast, the defendant's request was accepted even without waiting for the exchange of petitions or obtaining any expert report. The court, however, ordered the defendant to deposit a considerable amount as security. Even though the plaintiff applied to the Regional High Court, which is the highest authority to examine PI decisions granted by the first instance courts, these requests were refused, and the PIs were maintained.

As the examination of the merits in the case continued, the court sent the file for an expert examination. The report concluded that the defendant's products had indeed infringed upon the plaintiff's patent. Consequently, the plaintiff re-submitted their application for a PI and asked the court to lift the current PIs granted upon the defendant's request.

The first instance court once again refused the plaintiff's requests on the basis of conflict in the action arising from a private expert report submitted by the defendant.

The plaintiff applied to the Regional High Court arguing that their application fulfilled the approximate evidence requirement because the three experts assigned by the court had confirmed their claims. The plaintiff also contended that the defendant's private expert opinion prepared by an engineer, an academician yet with no experience in patent law, should not affect the facts of the matter.

The Regional High Court issued its decision on the plaintiff's appeal and partially accepted their requests. The court ruled that:

- There is not sufficient evidence to accept the PI request of the plaintiff to prevent the counterparty from commercializing its products during the action because this PI is very broad.
- The PI to prevent the plaintiff from assigning its patent, against which the defendant had filed a counteraction for invalidation, must continue because it aims to protect the current parties in the action.
- The PI that prevents the plaintiff from enforcing the patent to the defendant and its customers must be lifted.

The decision is based on the reasoning that every PI request must be examined by considering the circumstances at the time of the application. For this case, the favorable expert report and "its reflection and effect on the interests of the parties," as stated by the Regional High Court, was deemed sufficient to conclude that the circumstances for granting a PI no longer existed.

While this decision is putting some boundaries on how the approximate proof should be interpreted, it can also be concluded that a PI order in a patent action, especially an extraordinary PI for preventing an intellectual property owner from enforcing his/her rights to third parties, should be granted after an expert report to give at least a rough idea on the rightfulness of the parties' arguments from a technical point of view.

#### 4. The Violations of Industrial and Intellectual Property Rights on E-Commerce Platforms Have Been Regulated For The First Time

The Regulation on E-Commerce Intermediary Service Providers and E-Commerce Service Providers ("**Regulation**") was published in Official Gazette dated 29 December 2022 and numbered 32058.

Most of the E-Commerce Regulation's provisions are effective as of 1 January 2023, while remaining provisions will enter into force gradually. The Regulation aims to define the procedures and principles concerning the operations and supervision of e-commerce service providers and e-commerce intermediary service providers and concerning commercial relation between them, for ensuring the fair and effective competitive environment and development of electronic commerce.

Besides, the Regulation mainly focuses on the e-commerce area that needs up-to-date legal regulations due to rapidly developing nature of e-commerce, also bears regulations related to violations of intellectual and industrial property rights.

The intellectual property related issues, which are regulated between the articles 12 and 14 of the Regulation, can be summarized as follows:

It is possible to file a complaint against a violation of intellectual and industrial property rights. The application and relevant documents enlisted in the Regulation shall be submitted to the relevant e-commerce intermediary service provider.

- E-commerce intermediary service provider shall remove the goods subject to complaint from the relevant platform within 48 hours following the receipt of the complaint and shall inform the e-commerce service provider and right holder.
- Although it is possible to object the complaint, it is expected for the submission of relatively more solid explanations and evidence at this stage. In that manner, the invoices or equivalent documents proving the originality of the goods and agreements, other documents and evidence indicating the right holders retrospectively or other individuals supplying the goods to the market under authorization of right holder may be used.
- In cases where the rightfulness of e-commerce service provider's objection is clearly determined, e-commerce intermediary service provider will re-publish the good subject to complaint in the platform within 24 hours following the receipt of objection and shall immediately inform e-commerce service provider and right holder.
- Unless additional documents proving intellectual and industrial property rights are submitted, e-commerce intermediary service provider shall not process any further complaints about the same product and same claim, and will inform the complainant in that regard.
- The examination conducted by e-commerce intermediary service provider shall be limited to examination of information and documents supplied by e-commerce service provider.

Furthermore, the Regulation has not been limiting the parties' right to seek judicial/administrative remedies by explicitly indicating that "The relevant individuals right to apply to administrative and judicial authorities has been preserved".

With this Regulation, the violations of intellectual and industrial property rights on e-commerce platforms are regulated in the legislation, in a manner that providing an effective solution. Until now, there was no specific regulation on violation of rights on online platforms; an possible violations and liabilities have been regulated partially -under relevant sections- in the Law numbered 5651 on the Regulation of Publications on the Internet and the Suppression of Crimes Committed by Means of Such Publications ("**Internet Law**"), Turkish Copyright Law numbered 5846, Industrial Property Law numbered 6769, Turkish Commercial Code numbered 6102, and Code of Obligations numbered 6098.

Even if it is unknown how the practice will evolve around the Regulation; the existence of such regulation can be evaluated as beneficial at first glance for fulfilment of existing shortcomings and obtainment of outcomes faster.

To briefly mention due to its importance; under the Internet Law, the obligations/liability balance and several notions in electronic/online platforms have. Internet Code; "hosting service provider shall remove the unlawful content it provided given that it is notified in accordance with articles 8 and 9 of this Law.". The method is known as "warn & remove" in practice; and accordingly, the relevant hosting service provider is obliged to remove illegal content after being notified. The service provider, not having any obligation to search, know and initiate comprehensive research on the content of the violation, shall limit its activities to technical contribution. Nonetheless, since there has not been any specific regulation on determination of relevant content's illegal character by the relevant hosting service provider or on the character of notification to be made to hosting service provider, "warn & remove" method has not been providing the positive and quick results as expected.

The Regulation can be seen as first detailed and written regulation on these practices, which are based on general legislations and case law.

## **5. TRABIS and The New Era of Applications of .tr Domain Name Extensions**

The Information Technologies and Communication Authority (**BTK**) announced on 19 August 2022 that TRABIS would be put into service in September 2022 and the activities of the old domain authority, NIC.TR, would be terminated at the same time.

TRABIS is a system operated by the BTK. It mainly enables the operation of the ".tr" internet domain names system and its central database, the creation and updating of the directory, the provision of guidance services, and the real-time domain name application processes. TRABIS aims to create a competitive and free market and to simplify and accelerate domain name transactions.

A few fundamental changes have been made to the regulations and communiqués regarding the functioning of TRABIS as well as allocation, cancellation, renunciation, sale, and the dispute resolution methods with respect to domain names with a .tr extension.

There is no doubt that one of the fundamental changes is related to the allocation of domain name extensions "org.tr", "net.tr" and "com.tr". These were allocated with documentation at Nic.TR. However, at TRABIS, documentation is no longer needed, and the allocation of these extensions will be conducted on a "first come, first served" basis.

### **Brief overview of dispute resolution system:**

Disputes are resolved through the Dispute Resolution Service Provider (**DRSP**) system and by the arbitrators or arbitral tribunals operating within DRSPs.

DRSP is an alternative mechanism which aims to speed up domain name dispute resolution within the scope of arbitral proceedings. There are two different DRSPs, namely "**BTIDER**" and "**TOBBUYUM**", which are authorized to examine the disputes structured under TRABIS.

TRABIS was only structured for the domains registered or renewed after 14 September 2022. Similarly, the DRSPs formed within the scope of TRABIS are only authorized to examine the disputes related to domain names registered or renewed after this date.

An application can be made to a DRSP if:

- the disputed domain name is similar to or identical with the applicant's trademark, trade name, business name or other identification marks.

- the respondent has no legal right or connection with the allocated domain name.
- the domain name is registered or used in bad faith.

The definition of bad faith has been provided and the possible situations listed. Accordingly, the domain name owner is considered to be in bad faith if the domain name is registered for one of the following purposes:

- Selling or transferring the domain name to the complainant or the complainant's competitor for an amount exceeding the expenses and investment costs
- Preventing the complainant from using the domain name
- Inflicting damage to the work or activities of commercial competitors
- Creating unfair advantage or traffic on the relevant website in a way that creates similarity and thus confusion with the trademark, trade name, business name or other identification marks owned by the complainant.

Except for the stated cases, the arbitrator is entitled to assess/recognize bad faith according to the concrete case.

### **Comparison of ICANN and TRABIS Dispute Resolution**

As we review the gist of the regulations regarding dispute resolution at BTK and TRABIS, we understand that in addition to the "first come first served" principle, an approach like the one at ICANN has been adopted.

As a matter of fact, many of the procedural and substantive rules regarding dispute resolution at TRABIS are similar to those in Uniform Domain Name Dispute Resolution Policy (**UDRP**), the legal framework established by ICANN.

However, there is a significant difference from ICANN's practice in terms of bad faith criteria. According to the UDRP, the domain name(s) should be considered as having been registered **and** being used in bad faith, while the Turkish Regulation states that the domain name(s) should be considered as having been registered **or** being used in bad faith. It is seen that the Turkish Regulation has adopted a softer approach by using "or" instead of "and", thus, one of these scenarios is sufficient to determine bad faith.

In fact, in the decisions provided by the DRSPs, it has been clearly stated that the existence of one of these conditions will be considered as sufficient to make the bad faith claim. In addition, it has been stated that the arbitrator or the arbitral tribunal may decide a domain name has been registered in bad faith depending on the nature of each concrete case. In this regard, we expect the DRSPs to adopt a wider approach, similar to the one in trademark filings, in assessing bad faith.

ICANN, on the other hand, is facing increasing demand to stop applying its two-factor principle of registration AND use in determining bad faith in favor of the single-factor mechanism of registration OR use, similar to the approach adopted in Turkish practice. It is believed that in the upcoming review of UDRP, this matter is likely to be addressed.

### **Conclusion**

Since September 14, 2022, a whole host of changes have been implemented in the legislation for domain names with .tr extension to put the practice in Turkey in line with that of her international counterpart, namely the ICANN's. These amendments, which are associated with the launch of TRABIS, affect allocation, sale, transfer, and dispute resolution mechanisms of domain names. It seems that all these operations are carried out more quickly, effectively, transparently, and objectively in the current system. It is vital that domain name owners and other stakeholders follow the amendments and their practice in order to avoid any loss of rights.

### **6. Classification of Virtual Goods**

Turkish Industrial Property Law (**IPL**) numbered 6769 establishes trademark rules in Turkey. However, it does not specifically define what a trademark is. Instead, it only describes certain features of trademarks in article 4 of the IPL.

The European Union Intellectual Property Office (**EUIPO**), on the other hand, defines trademarks as: "signs used in trade to identify products." Another way to think about a trademark is as a symbol that distinguishes a trademark holder from its competitors. A trademark is also known to impact the buying decisions of consumers. Consumers become loyal to brands, and brands are symbolized by their trademarks. To put it shortly, "*Your trademark tells customers who you are.*" As such, a trademark is somewhat of an abstract concept, not tangible, and may be embodied only by usage on goods and/or services.

Trademarks are increasingly as important in the virtual world as they are in the real world. In this day and age, in which we experience the virtual world at many touchpoints, from banking to shopping, each development naturally triggers another. As we get farther from the brick-and-mortar world of services and business, the role of trademarks will also continue to grow.

As a matter of fact, as recently announced by EUIPO, an increasing number of trademark applications are being made before EUIPO for virtual goods and non-fungible tokens ("**NFT**"). Therefore, EUIPO has decided to make a regulation on the Classification of such trademarks and plans to publish a guideline for this purpose in 2023. For now, it has adopted the following approach:

- Virtual goods comply with Class 9 of the Nice Classification as they are considered digital content or images. However, the term virtual goods in itself lacks clarity and precision. Thus, the content to which virtual goods relate must be specified separately (e.g., downloadable virtual goods, virtual clothing)
- The 12th edition of the Nice Classification will include the term 'downloadable digital files' authenticated by "non-fungible tokens" in Class 9. NFTs are treated as unique digital certificates registered on a blockchain that verify digital items but are different from these digital elements. For EUIPO, the term "non-fungible token" alone is not acceptable. The type of digital item authenticated by the NFT must be specified.
- Services related to virtual goods and NFTs will be Classified in accordance with the Classification principles established for services.

Although life in the virtual world has not yet become completely widespread, the presence of trademarks in the virtual world is increasing rapidly and EUIPO, which is aware of the need to catch up with the dynamics of these developments, is also accelerating its work in this area.

In Turkey, however, despite enormous interest in the virtual world and the increasing number of relevant trademark applications, there has been no official announcements regarding guidelines for the regulation of this area.

While the number of trademark applications filed before the Turkish Patent and Trademark Office (**TPTO**) containing "METAVVERSE" is 190, those containing the words "VIRTUAL"/ "SANAL" is 123/784. Moreover, since trademarks that will operate in the virtual world (at least according to the current regulations) are not required to include these words, it is obvious that there is an increase in trademark registration demands for the virtual world.

Here, it is seen that the TPTO has generally refused trademark applications for "METAVVERSE" in certain Classes on the basis of Articles 5/1(b) and 5/1(c) of the IPL. The reasoning behind these decisions is unclear particularly since "METAVVERSE" has, in some cases, been registered as a trademark in some Classes like 21, 24, and 25, although it is obvious that these Classes are relatively unrelated to technology and online platforms. Still, it could be concluded that the TPTO accepts "METAVVERSE" as a general platform for relevant goods/services.

According to the TPTO's monthly statistics regarding trademark applications, it's clear that there is an increased demand for Class 9, which is widely used for applications related to the virtual world. The records show that the monthly number of international and domestic applications for this Class increased steadily until April and May 2022 respectively. Moreover, not every trademark application related to the virtual world seeks Classification under Class 9, so it seems likely that applications may have been made in other Classes as well.

There are three different types of applications before the TPTO: a) using the traditional wording of Nice Classification and the word "METAVVERSE" in the trademark is generally refused, b) using the customized/differentiated list of goods/services, generally in Class 09, and the word "METAVVERSE" in the trademark is generally accepted, c) using

both the traditional wording of Nice Classification and the customized/differentiated list of goods/services at the same time, generally in Class 09, and the word "METAVERSE" in the trademark is generally accepted. Mostly, the phrasing of such lists explicitly mentions "downloadable virtual goods, namely, to be used in online and online platforms" under Class 9, and "providing.... to be used in virtual platforms" under Class 41.

Some categories of virtual goods in ongoing applications and registrations can be exemplified: clothing, footwear, headgears (Class 25), glasses (Class 9), different kind of bags (Class 18), sports equipment (Class 28), artworks, toys (Class 28), all goods in Class 3, Class 5, Class 7, Class 10, Class 14, Class 16, Class 19, Class 29, Class 30, Class 31, Class 32, Class 33.

Considering all these, it would be helpful for businesses and practitioners if the TPTO published an official guide or notice/announcement after the publication of the relevant guide by EUIPO.

As the presence of trademarks in virtual worlds increases, the IP community looks forward to the development of various protection methods.

## **7. Turkish Patent and Trademark Office Rules on Repeating Trademark Applications Under Threat of Cancellation**

Article 9 of the Industrial Property Code numbered 6769 (IPC) states that if a trademark proprietor in Turkey has not put their trademark to genuine use in connection with the goods or services for which it is registered within five years following the date of registration, or if such use was suspended for five years, any one with legal interest can request the cancellation of the trademark due to non-use. Non-use cancellation actions pave the way for the possible registration of trademarks which have been rejected ex-officio. Yet, due to the heavy workload of the courts, it can take approximately 3 to 5 years for a trademark to be cancelled on the basis of non-use, and the decision on the cancellation becomes final only after the process before the appeal courts is completed.

During this period, the owner of a trademark that is vulnerable to cancellation often refiles applications for the same trademark to avoid the negative effects of possible non-use actions. Their aim is to obtain a "backup registration" in case their trademark is cancelled due to non-use and to artificially extend the five-year grace period stipulated in the IPC. Once these applications are published in the Official Trademark Bulletin, third parties are entitled to file an opposition against the new application within 2 months to argue bad faith on the part of the applicant. Moreover, the Turkish Patent and Trademark Office ("TPTO") has a strict approach to bad faith and is generally reluctant to accept this claim.

In a recent case, the plaintiff filed a cancellation action based on non-use against a trademark which had been cited for the ex-officio rejection of the plaintiff's application. As the defendant failed to submit sufficient evidence proving their use, the first instance court decided on the cancellation of the trademark in question on account of non-use. The defendant appealed the decision before the Regional Court of Justice. While the appeal proceeding was ongoing, the defendant filed two new applications. The first application was identical to the trademark that had just been cancelled.

The second application, on the other hand, consisted of the same word element and two additional letters written in a different color. The plaintiff filed an opposition against both applications, contending the applicant had filed them in bad faith to register the cancelled trademark again and avoid the detrimental impact of the first instance court's decision.

The first instance examiner at the TPTO rejected both opposition actions on the grounds that there was not sufficient evidence proving the applicant had acted in bad faith. It is worth noting that the TPTO's first instance decisions, which are rendered by one examiner, are brief and do not provide a detailed reasoning. The appeals, however, are assessed by three senior examiners at the TPTO's Appeal Board.



The plaintiff appealed. The appeals pointed out the non-use cancellation action against the applicant's previous trademark and highlighted the fact that the action had already been accepted by the first instance court. It was further argued that the defendant had filed both applications to overcome the outcome of the cancellation. The plaintiff once again contended that the adverse party had acted in bad faith by filing for both the identical trademark and the one with the additional elements. The appeals added that if these trademarks are registered, the applicant would be able to unfairly prevent the plaintiff from obtaining a registration.

The TPTO's Appeal Board accepted both appeals, stating that:

- The first instance court had ordered the cancellation of the applicant's previous trademark due to non-use. Therefore, that trademark does not grant acquired rights to the applicant since it is under cancellation threat.
- The applicant filed the applications for the same phrase covering the same goods as the previous trademark after the non-use action had been accepted.
- The applicant's intention for filing these applications is to cope with the unfavorable result of the non-use action. Thus, the applications were filed in bad faith.
- Consequently, the appeals are accepted and both trademarks (without being limited to the previous list of goods and services) are dismissed in their entirety.

The Appeal Board's rejection of the identical application was not surprising. In this case, it is obvious that the applicant filed an identical application to replace the previous trademark facing the cancellation threat.

However, the rejection of the second application, which included two additional letters, is a welcome development since the TPTO's approach to bad faith claims is quite strict and generally accepts them if the trademarks in question are identical.

If the applicant's trademark with the additional letters was registered, it would not be cited ex-officio by the TPTO for the future applications of third parties. Nevertheless, the applicant would still be entitled to file oppositions against such applications, arguing likelihood of confusion. In this regard, it is unfair to allow the registration of a previously cancelled trademark with non-distinctive additional elements.

This decision confirms that the TPTO's practice on repeat applications is settling. Applicants who file new applications for their trademarks that are in danger of cancellation are accepted to be acting in bad faith. Moreover, additional elements, such as one or two letters added to the previous trademarks do not justify the bad faith.

## **8. Turkish Patent and Trademark Office has Recently Decided on the Limits of the Concept of Acquired Rights in Trademark Law**

In Turkish Trademark Law practice, when the existence of an acquired right arising from the previous registrations of a trademark owner is accepted, the trademarks earlier than the next application date do not prevent the registration of the trademark application filed by the same trademark owner afterwards.

There is a lot of controversy around the concept of acquired rights in trademark law in Turkey especially since it is not explicitly addressed in the Trademark Review Guide published by Turkish Patent and Trademark Office (**TPTO**) or the Industrial Property Law (**IPL**) numbered 6769. Therefore, the principles governing this area have been shaped by the decisions of the Supreme Court and TPTO Re-examination and Evaluation Board ("**Appeal Board**").

In a decision called "ECE LADY/ECE TOFF", numbered. 2007/7547 E., 2008/10251 K. and dated 19.09.2008, the 11<sup>th</sup> Civil Chamber of the Supreme Court stated the following conditions for the protection of acquired rights:

- a new trademark application should be filed by preserving the main element of the previous trademark,
- the product or product type covered by the previous trademark should be the same as the new trademark application,
- the previous trademark must have been registered and used for a long time,
- the previous trademark should not be subject to any dispute,

- the new trademark application should not cause likelihood of confusion and gain unfair benefit through its similarity to previously registered trademarks of third parties.

As it can be seen, although the concept of acquired rights arising from a trademark registration has been interpreted broadly, it is clear that it is subject to certain limits. Also, while interpreting this concept, the TPTO pays heed to the fact that the previous trademark has been registered for at least five years and does not expect the right holders to prove their trademark use separately.

In a recent case, an opposition was filed against a third-party trademark application on the grounds that it was similar to the opponent's registered trademarks in terms of word element and stylization. The application at issue also covered the same classes as the older trademark, which had been registered for more than 5 years. In addition to the word element and stylization, the choice of color used in the new trademark application was highly similar to the opponent's trademarks.

The TPTO rejected the opposition arguing there was no likelihood of confusion between the trademarks. The decision did not have a detailed reasoning, but it did mention that the applicant's previous registration had been "considered".

The opponent appealed the decision before the TPTO's Appeal Board, contending that the applicant could not resort to the acquired rights from their previously registered trademark for the application at issue. It was argued that the applicant's new trademark application differed from their earlier registration by including stylization and color, which made it indistinguishably similar to the opponent's trademarks.

The appeal was successful. The Board argued that:

- The trademark in question was highly similar to the opponent's trademarks in terms of the word element, the stylization, and the color.
- The information and documents provided by the opponent proved the well-known status of the opponent's trademarks in the automotive industry. The Board came to this conclusion by considering the opponent's sales, advertising, and their worldwide sales network.
- Even though the applicant had resorted to acquired rights from their earlier trademark registration, the Board highlighted the dissimilarity between the two in terms of stylization and color.
- The applicant's earlier trademark registration did not constitute an acquired right.

We believe that the Board's decision to go beyond the principle of acquired rights to consider the characteristics of the case at hand is perfectly accurate and bodes well for the future implementation of this principle. The Board was right in expanding the scope of its evaluation from the word element, where the applicant's registered trademark and their new application entirely overlapped, to include the stylization and color of the new application.

In conclusion, the Appeal Board's decision brings an important perspective to the implementation of acquired rights in trademark law. It indicates that the characteristics of the concrete case and the elements added to the new trademark application should be evaluated comprehensively. In accordance with the judicial decisions, the TPTO's decision confirms that acquired right can no longer be claimed in case of approaching a new trademark application.

## **9. Advertisements Containing Blurred Product Packaging of a Competitor are Also Covered by The Comparative Advertising Prohibition**

The details regarding comparative advertisements are regulated by the Regulation on Commercial Advertisements and Unfair Commercial Practices ("**Regulation**"). To comply with the Regulation, a comparative advertisement must fulfill all the requirements of the Regulation without exception. These conditions are aimed at preventing defamation of a rival company and gaining unfair advantage from it. In other words, they prevent unfair competition between the parties. Considering that unfair competition is prohibited by the Turkish Commercial Code, too, this perspective seems to be quite inclusive and appropriate.

These conditions were subjected to the close and multi-faceted scrutiny of the Board of Advertisement in the case numbered 2022/2087 published within the scope of the Press Release of the Board on 9 August 2022. The examination once again demonstrated that the Board pays immense attention to the boundaries in terms of freedom of comparative advertising.

As part of the scrutiny, the product catalog on the website of "Avon Kozmetik Ürünleri San. ve Tic. A.?", <https://kozmetik.avon.com.tr/online-katalog/mayis/60>, was examined. An advertisement for a perfume called "Avon Maxima" reads: "The stunning fragrance of Maxima, which contains notes of golden grass, nectarine and Arabic jasmine, is VERY SIMILAR TO THE FRAGRANCE OF A WORLD-FAMOUS PARFUME! Why pay 1350 TL for a perfume when you can have this enchanting fragrance for only 134.99 TL?" and shows the blurred image of a perfume branded "Paco Rabanne Olympea." Another advertisement for the perfume "Avon Far Away Rebel" says: "The tempting fragrance of Far Away Rebel, which contains notes of salted chocolate, caramel and patchouli, is VERY SIMILAR TO THE FRAGRANCE OF A WORLD-FAMOUS PARFUME! Why pay 1440 TL for a perfume when you can have this mesmerizing fragrance for only 114.99 TL?" and shows the blurred image of a perfume called "Mugler Alien."

Following the examinations, the Board of Advertisement concluded that "the image of the perfume bottle, which is the identifying and distinctive element of the competitors' brands, is included in the advertisements in a way that it is easily recognizable by its color and shape." In addition, statements such as "Why pay...for a similar fragrance?" were used and the statement that the fragrance of the perfumes subject to the review is very similar to the fragrance of world-famous luxury perfumes and it is emphasized that the brands in question are more expensive compared to "Avon" products".

Subsequently, it was decided to impose an administrative sanction to cease the advertisements and to issue an administrative fine against the advertiser.

As stated, the catalog in question did not contain the names of any competitors or products, nor did it provide any explicit information or images. However, the blurred images failed to prevent the identification of the product in question. Consequently, it was determined that the principles of comparative advertising had been violated.

As can be seen, the Board of Advertisement examined an online product catalog and concluded that even the semi-specific images were sufficient to identify the relevant competitor's product. This evaluation implies that the principles of comparative advertising will not be stretched in any way.

## **10. Board of Advertisement: Advertisements Must Be Prepared With The Awareness Of Social Responsibility**

Turkish Language Association defines advertising as "any means utilized to introduce something to the public, to attract interest and thus to create sales." This definition, which underscores the limitlessness of the methods used, fully meets the current advertising standards. As a matter of fact, the basic slogan "use this product," that used to appear on black and white screens continues to turn into suggestions by brand ambassadors, social media influencers, as well as in covered advertisements in programs, art shows in shop windows, and festivals in the streets. The stopping point in this active transformation is determined primarily by advertising regulations in the legislation aimed at protecting the consumer and preventing unfair competition, and by the resolutions of institutions such as the Board of Advertisement. However, the current developments in the world might outpace the will of the legislator. No matter how updated the regulations are, they cannot always keep up with the creative thinking of the practitioners and advertising practices that are advancing rapidly.

The solution to all this search for parallel balance lies in perhaps the oldest criterion: public perception and social balance. This criterion maintains its validity in almost all societies based on the needs of each individual society and despite different value judgments. So much so that this criterion, which sometimes manifests itself in the laws and occasionally in the decisions of administrative authorities, can sometimes find a place for itself through direct public pressure.

This is exemplified in a recent decision by the Board of Advertisement in the file numbered 2022/2889 about a shoe advertising campaign by the fast-fashion giant, Zara.

The ad in question featured sandals on loafs of bread and colorful high heels stuffed with fruit, ice cream and donuts. It faced backlash from the public on social media immediately after its publication on the Turkish website of the brand and made headlines in both Turkish and German media.

As announced in its Press Release, No 326 on 11 October 2022 the Board of Advertisement decided on the cessation of the advertisement. The Board considered that "Promotions of shoes, sandals and similar products offered for sale on the website <https://www.zara.com/tr/>, along with food products such as bread and donuts, by placing them under and above these products," are against the provision which states that, "advertisements must be prepared with the awareness of economic and social responsibility and in a way that does not lead to unfair competition."

In this sense, particularly the value judgments and socio-cultural structure of the society were taken into consideration during both the examination and the decision stages. The Board of Advertisement concluded that the advertisement project in question ran counter to the public perception and the lifestyle of the society, and thus, ordered its cessation.

When the advertising campaign is examined, it can easily be seen that there is basically nothing contrary to the legislation. Indeed, there are no violations in terms of basic advertising principles of "proof," since no claim has to be proven, "misleading the consumer," since there is no question of giving false information, "comparative advertising," since the competitor does not use the product, and "discrediting," since there is no disparagement. It is also a fact that no aspect of the said advertisements directly destroys a moral or ethical value. However, this campaign has taken its place on the public agenda in the sense of "photographing shoe-derived products and food together."

It is seen that the effect of the advertising campaign on the society has been directly reflected in the Board of Advertisement and has found its place as an administrative decision. As stated above, in the face of the fact that the legislation created by the legislator in the past cannot meet today's dynamism, we can see in practice that the legislation -within certain limits- can be stretched by the Board of Advertisement. However, the fact that this stretching considers the interpretations of social groups also causes uncertainty. Questions such as whether the "social responsibility" that the Board of Advertisement finds worth applying reflects the perspective of the whole society or which economy the application in the sense of "economic values" is based on continue to emerge.

Moreover, most importantly, the predictability of law, practice, and administrative decisions comes to the fore once again with this decision. As a matter of fact, since "economic and social responsibility awareness," which caused the suspension of the said advertising campaign, is a criterion that cannot be measured by legislation and can even be deemed subjective, the advertiser cannot have had the opportunity to take the necessary precautions during the preparation phase of this advertisement. When all these issues are evaluated together, it is once again taken into consideration that with the review of the Board of Advertisement and the reflection of public opinion on practice, the balance of the advertiser's right to predictability in terms of advertisement preparations and possible administrative decisions will continue to maintain its essential quality in terms of trust in the law, especially now that it is difficult to keep up with the pace of change.

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