

Turkish Constitutional Court Strikes Out Article 16(5) of Trademark Decree Law as Unconstitutional

15 May 2015

In 2014, the Turkish Constitutional Court ("Constitutional Court") hit the headlines by cancelling several articles of the Trademark Decree Law numbered 556 ("Trademark Decree Law"). On 15 May 2015, the Constitutional Court struck out another article of the Trademark Decree Law, Article 16(5), on the basis that it is unconstitutional. Recently, article 16(5) has been creating problems for trademark assignment in Turkey.

According to the now cancelled Article 16(5), when a trademark registration was assigned, any identical or similar trademarks (for the same or similar goods or services) were also required to be transferred to the same assignee. In practice, when an application to record the trademark assignment was filed, the Turkish Patent Institute ("TPI") would give two months to assign the any remaining identical or similar trademarks. If the parties failed to comply with this requirement, the TPI would reject the assignment recordal request.

Article 16(5) created problems because in some circumstances the TPI would interpret the term "similar trademarks" in a broad manner. The TPI also began conducting a similarity search when a request was filed to record the trademark assignment. These factors, combined with the TPI's refusal to accept consent letters, conflicted with parties' freedom of contract, one of the basic principles of civil law.

The conflict caused by Article 16(5) of the Trademark Decree Law was considered during a lawsuit before the 3rd Intellectual and Industrial Rights Civil Court of Ankara ("Ankara Court"). The Ankara Court applied to the Constitutional Court, Turkey's highest court, seeking cancellation of Article 16(5). The Ankara Court presented the following grounds for cancellation:

- *Article 16(5) conflicts with Article 91 of the Turkish Constitution:* The Constitution states that (with limited exceptions) decree laws may not regulate fundamental rights, nor may they regulate individual or political rights and duties.
- *Article 16(5) conflicts with the state of law principle:* The Trademark Decree Law is based on the principle that a trademark must be owned by a single owner. Article 16(5) contradicts the Article 7(1)(b), which outlines one of the grounds for absolute refusal of a trademark in Turkey. Article 7(1)(b) prevents later filing of trademarks which are the same or confusingly similar to already registered or applied for trademarks. However, Article 16(5) expressly prevents transfer of a trademark if other trademarks which **might cause confusion before the public** are not also transferred. The TPI takes the risk of confusion into account when examining trademarks on the relative grounds outlined by Article 8. The TPI's authority to examine the trademark cannot be expanded after the Article 7 examination process has been finished.
- *Article 16(5) conflicts with the freedom of labor and contract principles:* A governmental body cannot prevent transfer of a trademark if both the assignee and assignor consent to the transfer.

Members of the Constitutional Court initially considered the Ankara Court's claim that Article 16(5) conflicted with Article 91 of the Turkish Constitution. The Constitutional Court agreed with this claim and struck out

Article 16(5) accordingly. As a result, the Constitutional Court did not continue to consider the other arguments put forward by the Ankara Court.

The good news coming from cancellation of Article 16(5) is that this will compensate for disadvantages stemming from the Trademark Decree Law's strict rejection of consent letters, co-existence agreements, and sister company arrangements. Trademark holders which have failed to obtain registration in Turkey in the past (due to an earlier applied for or registered trademark) may now be able to obtain registration.

Unfortunately though, it seems Article 16(5) will not be the last provision to be struck out by the Constitutional Court. Intellectual property rights in Turkey are regulated by decree laws (secondary legislation). The Constitutional Court has struck out many articles through the years on the basis that regulating fundamental rights through decree laws is unconstitutional. The Constitutional Court's most recent decision may lead to cancellation of other intellectual property provisions. In particular, the Ankara Court makes a strong argument that Article 7(1)(b) of the Decree Law is also unconstitutional on the basis that it restricts property rights. Accordingly, this may be the next provision to be struck out.

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