Trademark Law 2020
The Year in Review

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Introduction

We welcome the new year still reeling from the one just ended; still grappling with the lingering effects of an ongoing global pandemic. No industry or profession emerged from 2020 unaltered. Trademark law practice is no exception. Nevertheless, we must chart a well-informed course for 2021. To that end, we present Moroğlu Arseven's survey of last year's important trademark law developments.

Moroğlu Arseven

Exception to The Mandatory Mediation Procedure

The Court Of Cassation: *Mediation Is Not Mandatory For Compensation Cases Initiated With Non-Monetary Claims*

Mediation became mandatory for commercial cases initiated with monetary claims pursuant to the Law on the Procedure of Initiating the Proceedings for Monetary Claims Arising from the Subscription Agreement and the supplemental article 5 / A of the Turkish Commercial Code ("**TCC**"). This Law was accepted on 19 December 2018 and entered into force after being published in the Official Gazette numbered 30630,. In accordance with provision TCC 4/1-a, regardless of whether one of the parties is a merchant, all disputes arising from the intellectual property legislation are considered as commercial cases. It is clearly stated in provision 4/1-f of the same article that lawsuits arising from the rights of intellectual and artistic works are commercial cases, provided that they relate to the business of one party.

Therefore, mandatory mediation is also applied in cases related to intellectual and industrial rights. This means it is necessary to apply to the mediation office before filing a lawsuit in cases regarding intellectual and industrial rights with compensation claims. If no agreement is reached, the original final report of the mediation or a copy approved by the mediator must be submitted with the lawsuit petition. According to the Law on Mediation in Legal Disputes numbered 6325, the Court provides a 2-week period to present the report in cases where the mediation report is not submitted. If it is understood that a lawsuit has been filed without applying to mediation, the case is dismissed due to the absence of a legal requirement.

The generally accepted view on how to apply mandatory mediation has changed in cases where more than one request is brought together. In the early stages of the practice, mediation was accepted as a pre-condition for every case which involved a monetary claim. However, this approach has been replaced by the independent evaluation of claims. Since each claim is subject to an independent case, the terms of the case should be evaluated separately in terms of each claim. Therefore, if the mediation process is mandatory for one of the requests, the process should be completed only in terms of this request.

However, even if the requests are handled separately in cases of multiple lawsuits, the practice regarding how the mediation requirement should be applied has not been settled. In 2020, if the case was filed without resorting to mediation or the report was not submitted within the given time, the request which was subject to mandatory mediation as a condition of the case was separated from the rest of the case and this request was dismissed based on the procedural ground.

However, a recent decision has started to move away from the stricter mandatory mediation approach. The 11th Civil Chamber of Court of Cassation, with the decision dated 17 February 2020 and numbered 2020/197 E. and 2020/1578 K., reversed the Regional Court's decision on the grounds that " a collection lawsuit initiated with a lawsuit that is not subject to mediation, will not be subject to the requirement of mediation". Accordingly, the Court of Cassation has ruled that, if the

cases are piled up, mandatory mediation will no longer be a condition for the claims filed with a request that is not subject to mandatory mediation.

Subsequently, the 11th Civil Chamber of Court of Cassation made an exception to both the decisions of the court of first instance and the opinion of the Department of Mediation of the Ministry of Justice by establishing similar decisions in compensation disputes filed with non-monetary claims regarding intellectual and industrial property rights.

In these cases, the courts of first instance decided to dismiss the cases subject to the decisions of 11th Civil Chamber of Court of Cassation numbered 2019 / 4851E. And dated 10 June 2020, and numbered 2020 / 2732K., dated 4 November 2020 and numbered 2019 / 3611E., 2020 / 4734K. as mediation had not been applied for. The appeals filed by the plaintiffs against the dismissal decisions were also rejected by the Regional Courts. As a result of the appeal filed by the plaintiff parties, both files were examined by the 11th Civil Chamber of Court of Cassation.

In these decisions, the 11th Civil Chamber of Court of Cassation stated that applying to mediation is a condition of lawsuits for monetary claims. Nevertheless in terms of collection cases filed together with a lawsuit that is not subject to mediation, it has ruled that applying for mediation will no longer be a condition for the case. It therefore overturned the Regional Courts' decision.

The consecutive decisions of the 11th Civil Chamber of Court of Cassation, which are contrary to the uniform practice, have created questions in terms of implementation. However, since the decisions of the Court of Cassation are not directly binding on all courts, until a decision is made by the General Assembly of the Court of Cassation, it is important to fulfil the mandatory mediation process for cases with compensation requests to prevent possible loss of rights.

Although the practice on the subject will be formed by the case law, if the approach of the 11th Civil Chamber of the Court of Cassation is adopted, especially in cases related to intellectual and industrial property rights, considering that the claim for compensation is mostly filed with the request for the determination of infringement, the possibility of losing the function of the mediation practice in this field may come on the agenda.

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The Future of Well-Known Trademark Registrations is Under Threat

On 5 February 2020, the 11th Civil Chamber of the Court of Cassation decided that the Turkish Patent and Trademark Office ("**TPTO**") has no legal ground to keep the well-known trademark registry and that trademark owners have no legal interest in registering their trademarks in the registry (Decision no. 2019/2980-2020/991). The decision was issued within the scope of a cancellation action,

The Well-known Trademark Registry

The TPTO was authorized "to determine the principles of evaluation of well-known trademarks and execution of the principles" in 2003. Following this authorization, the Office announced the "Principles of Recognition Levels of Trademarks and their Implementation" and established the well-known trademarks registry with the goal of recording and making information about well-known trademarks publicly accessible.

As of 2003, the Court of Cassation confirmed the TPTO's position as the primary competent authority to determine the well-known status of trademarks. Furthermore, the court deemed a well-known trademark application to be a cause of action in non-contested civil actions filed by trademark owners requesting well-known mark status recognition.

However, in the following years, the Court of Cassation set a judicial precedent and decided that having a registration in the well-known trademark registry alone is not sufficient to prove the well-known status of a mark. The Court referred to the impermanence of well-known status by emphasizing that the well-known trademark registry is not a regularly updated registration system. Consequently, the Court of Cassation concluded that the well-known status of a mark should be examined case by case.

In this context, although registration at the well-known trademark registry alone is not adequate to prove the well-known status of a mark, it is still preferred by trademark owners and legal practitioners as it eases the burden of proof.

The recent decision of the Court of Cassation

The Court of Cassation's recent decision contradicted these judicial precedents.

In the case at hand, the trademark owner filed a request to cancel the TPTO Appeal Board's decision to refuse the brand owner's well-known trademark application and the record of the subject mark in the well-known trademark registry. The TPTO argued that the decision was legitimate.

The first-instance court decided that the trademark in question had attained a sectoral recognition, and partially accepted the case. The TPTO appealed the decision before the Regional Court; however, the request was refused. Accordingly, the TPTO challenged the decision before the Court of Cassation.

The Court of Cassation concluded that the TPTO had no legal ground to establish a well-known trademark registry. The court decided that the plaintiff had no legal interest in filing the action, and quashed the first-instance decision. It said the principles that "well-known status is not a steady status" and "well-known status of a mark and maintenance of well-known status should be examined case by case" are set in established precedents. It is clear that with this decision, the Court of Cassation abandoned the established precedents recognizing the TPTO as the primary authority to determine the well-known status of trademarks and the filing of a well-known trademark application as the cause of a case.

What does the decision mean?

While the earlier law and regulation explicitly accepted the TPTO's authority to determine the well-known character of trademarks, the current law has no legal ground for this. It is clear that the well-known trademark registry lacks legal ground.

In the meantime, the first-instance court has recently evaluated the Court of Cassation's decision and decided to comply with it. Accordingly, the decision is now finalized. The TPTO still accepts well-known trademark applications and evaluates ongoing application procedures; but it is not yet known whether the TPTO will keep the well-known trademark registry and accept new applications in 2021.

In any case, trademark owners need to provide strong evidence to prove the well-known status of their trademark before courts Depending on the approach that the TPTO adopts, the well-known trademark registry may become dysfunctional and trademark owners may need to provide strong evidence to prove the well-known status of their trademark in opposition procedures before the TPTO as well.

Court of Cassation Rules On Loss Of Rights By Remaining Silent And Bad Faith

The principle of "*loss of right by remaining silent*" has been applied in Turkish Trademark Law for many years by the Court of Cassation based on bona fide rules defined in Article 2 of the Turkish Civil Code. However, the Industrial Property Law numbered 6769 ("**IP Law**"), which came into force on 10 January 2017, introduced an explicit provision for the first time regarding the loss of right by remaining silent.

According to Article 25 of the IP Law: "If the trademark holder has remained silent to the use a trademark for five consecutive years, where the right holder knows or should have known about such use, it cannot set forth its trademark as a basis for cancellation, unless the latter trademark registration is in bad faith."

Before the IP Law, when the Decree Law No. 556 ("**Decree Law**") was in force, the Court of Cassation rendered its decisions by stating that the period of silence should be examined case by case depending on the facts of each case hand and accordingly did not have a settled practice regarding the length of the period to consider remaining silent.

For example, in a decision dated 2000, the Court of Cassation deemed that a company that was silent for ten months against the actions of another company suffered a loss of rights, as the companies were located next to each other.[1] Three years were deemed sufficient in a decision in 2008[2], and four years were deemed sufficient in another decision in 2010 for loss of right by remaining silent.[3] In 2015, the General Assembly of Civil Chambers stated that contrary to all these practices, the period of silence cannot be less than five years. [4]

It is clearly stated in the IP Law that bad faith of the counterparty is the exception to the loss of right by remaining silent and this rule was also adopted well before the IP Law in most of the decisions of the Court of Cassation. However, in some decisions of the Court of Cassation, it is stated that if a long period of time has passed (such as 23 years) and the previous trademark owner has given the impression that the next trademark owner is implicitly allowed to use the trademark, even if the application was filed in bad faith, it should be accepted that the bad faith had turned into goodwill or the right to initiate a lawsuit was used in bad faith by the plaintiff, and accordingly invalidity requests should be dismissed.

However, the IP Law does not define which actions should be considered sufficient to prevent loss of right by remaining silent. In one decision rendered in 2015, the Court of Cassation ruled that simply sending a cease-and-desist letter is not sufficient[5], and in another decision rendered in 2014, sending a letter and filing an opposition against the trademark application was found sufficient to prevent loss of rights by remaining silent.[6] It is also accepted that an action must be filed in order to prevent loss of rights claims in doctrine.[7]

A decision rendered by the Court of Cassation in 2020, regarding a cancellation action filed when the Decree Law was in force stated that the defendant's copying of the plaintiff's trademark did not indicate bad faith of the

[1] Cahit Suluk – Yasemin Kenaroğlu, Current Developments in Turkish IP Law, , İstanbul 2012
[2] Court of Cassation, 11th Civil Chamber Decision No 2007/5341 E. - 2008/7133 K.
[3] Court of Cassation, 11th Civil Chamber Decision No 2009/4173 E. - 2010/10835 K.
[4] Court of Cassation, 11th Civil Chamber Decision No 2013/11-1358 E. -2015/820 K.
[5] Court of Cassation, 11th Civil Chamber Decision No 2014/ 14929 E. - 2015/752 K.
[6] Court of Cassation, 11th Civil Chamber Decision No 2013/6389 E. - 2014/12097 K.
[7] Uğur Çolak, Turkish Trademark Law, 2018, s. 784

defendant. The fact that the trademark subjected to the action had been opposed and subjected to a non-use action by the plaintiff could not be considered as not remaining silent. It was decided that the plaintiff lost its rights by remaining silent.

Scope of the Case and the Legal Proceedings

The plaintiff, whose country of origin is the USA, created its trademark for the first time in 1984 and registered it on the goods and services in the fashion industry mainly in classes 14, 18, 25 and 35 before various national trademark offices. The plaintiff has been active in the USA and European countries since the beginning of the 1990s mainly in classes 14, 18, 25 and 35. The plaintiff registered its trademark in Turkey in 1991 for the first time for goods in class 14; and it has been used for said goods since 1996 in Turkey. The defendant filed a trademark application in classes 18, 25 and 35 for the same mark as the plaintiff, which is an English word, before the Turkish Patent and Trademark Office ("**TPTO**"). The trademark was registered in 2004 as the plaintiff's opposition against the trademark application was rejected by the TPTO. The plaintiff did not challenge the TPTO's decision with a lawsuit.

In 2013, the plaintiff filed a non-use action against the subjected trademark. Within the scope of the case, it was determined that the defendant had been using its trademark only for certain In 2013, the plaintiff filed a non-use action against the subjected trademark. Within the scope of the case, it was determined that the defendant had been using its trademark only for certain goods in class 18 and had not used its trademark for the remaining goods in class 18 or any goods and services in classes 25 and 35. However, the file went through multiple appeal stages, and in the result, the trademark was only cancelled in terms of all the goods in class 25 and some goods in class 18. Because of the annulment of Article 14 of the Decree Law, which is the legal basis of cancelation actions based on non-use, the decision on cancelation did not cover the services in class 35. Following the non-use action, the defendant filed 18 more trademark applications, all of them covering the identical word mark and indistinguishably similar to the plaintiff's registered logos, registered with the .tr extension of the plaintiff's domain name in its name. The defendant also started to use an indistinguishably similar website design to the plaintiff's by using the word "TURKEY" alongside the trademark. Upon the opposition of the plaintiff against the defendant's new applications, many lawsuits were initiated between the parties against the TPTO Appeal Board's decision in the oppositions. The defendant's trademarks which have a device element were rejected on the grounds that they were filed in bad faith upon the plaintiff's oppositions. The defendant's use in class 18 got even closer to the use of the plaintiff's during the process.

The plaintiff filed a cancelation action against the registration obtained by the defendant in 2004 for the remaining goods and services in classes 18 and 35 in 2016, alongside another identical trademark registration that was obtained by the defendant in 2014, while the Decree Law was still in force. The cancelation action was based on the grounds that the trademarks were registered in bad faith, the plaintiff's trademarks were well-known and there was a likelihood of confusion between the trademarks. While the defendant accepted there were similar logo uses, it argued that that the trademarks were not similar, they were not filed in bad faith and that the statute of limitation had expired for the cancelation request regarding the registration granted in 2004.

The court of first instance dismissed the case on the grounds that the goods in class 14 which the plaintiff's trademark is registered for in Turkey were not similar to the leather products in class 18 covered by the subject trademark or retail services in class 35, there was no likelihood of confusion risk between the trademarks and the conditions of cancellation had not been met.

The Regional Court, however, decided that the defendant's trademarks were filed in bad faith as they were identical to the plaintiff's trademarks and covered the goods and services covered by the plaintiff's registrations abroad and also related to the goods covered by the plaintiff's trademark in Turkey. In addition, it concluded that the 5-year period required for loss of rights by remaining silent should be calculated starting from the time the plaintiff learned of the use of the defendant's trademark. Within this scope, it should be accepted that the plaintiff learned of the defendant's use when it submitted related evidence during the non-use action. Accordingly, it decided on the cancelation of the trademark. The defendant appealed this decision to the Court of Cassation.

The Court of Cassation's Decision

The 11th Civil Chamber of the Court of Cassation examined the loss of rights by remaining silent as a first step in its decision. The chamber concluded that the non-use action did not prevent loss of right by remaining silent as it did not include any bad faith claim.

The Court of Cassation then examined the bad faith claim and found that filing a trademark application that is identical to an earlier trademark which is well-known, registered and used for many years abroad on the goods and services subjected to the action was insufficient to prove the defendant's bad faith on the filing date. The burden of proof is on the plaintiff and the plaintiff should prove the defendant's bad faith at the time filing. The fact that the defendant copied the plaintiff's logo and uses does not mean that the applications were filed in bad faith and such use could be due to other reasons. The decision of the Regional Court was accordingly overruled.

Implications of the Decision

The Court of Cassation created a new criterion and ruled that filing an opposition against an application or a cancellation action based on any other claim does not prevent loss of right by remaining silent and the action filed should be based on a bad faith claim as well.

In this decision, the Court of Cassation did not consider that the defendant had registered a trademark which was identical to the plaintiff's trademark for the goods and services that the plaintiff had used and the registrations abroad, the defendant had copied the plaintiff's use after its first registration and filed trademark applications which were a direct copy of the plaintiff's logo, while assessing the bad faith at the filing date. In this regard, it can be said that any use, action and/or application in bad faith which is dated after the application is not taken into consideration by the Court of Cassation in bad faith claims.

As stated in prior decisions of the Court of Cassation, the aim of considering loss of rights by remaining silent is to protect the rights of the person who has used and invested in the trademark for many years as far as it is fair in line with competing rights. The Court of Cassation's decision is open to criticism as it only protected the trademark right where the subjected use is limited to some of the goods in class 18 and a copy of the plaintiff's trademark.

In the light of this decision, it is understood that an examination should be made as to whether the trademark has been registered in bad faith before filing a non-use action and all aspects should be taken into account. The Court of Cassation has adopted an approach that protects the domestic market at the expense of foreign brand owners.

Uncertainty Remains over Acquired Rights in Trademark Law

The concept of "acquired rights" has continued to be one of the most discussed topics in 2020 since there is still no established practice. Even though the courts have determined the criteria for the implementation of the acquired rights and frequently referred to them in decisions, inconsistent decisions have been rendered by the Turkish Patent and Trademark Office ("**TPTO**") and the courts.

The modernization of trademarks' figurative elements and color/ stylization in routine commercial activities has become a necessity, especially for companies in the FMCG, cosmetics and food and beverage sectors; this modernization helps to make trademarks more attractive for consumers, creating different sub-brands and expanding the product range. The fact that the acquired right is not explicitly regulated in Turkish trademark law causes frequent discussions of the limits of this right.

The modernization of trademarks' figurative elements and color/ stylization in routine commercial activities has become a necessity, especially for companies in the FMCG, cosmetics and food and beverage sectors; this modernization helps to make trademarks more attractive for consumers, creating different sub-brands and expanding the product range. The fact that the acquired right is not explicitly regulated in Turkish trademark law causes frequent discussions of the limits of this right. Due to the lack of explicit legal regulations, the court decisions and TPTO's decisions determine whether the trademark owners have an acquired right for the application based on their earlier trademark. Therefore, examining recent decisions on acquired rights sheds light on determining the acquired right of trademark owners in possible future conflicts in Turkey.

Court of Cassation Decision

The 11th Civil Chamber Court of Cassation's decision of 19 September 2008 (No: 2007/7547 E.-2008/10251 K), a milestone for the acquired rights doctrine referred as "ECE LADY/ ECE TOFF", established the following conditions for the determination of an acquired right:

i) preserving the main element of the earlier trademark

ii) covering the same or same type of goods or services covered by the earlier trademark

iii) using the earlier trademark for a long time

iv) non-cancellation threat for the earlier trademark

Moreover, it is considered that the creation of a later trademark may lead to similarity with, or calling to mind, earlier registrations of third parties, which could cause the risk of confusion risk and unfair advantage. In recent years, most of these criteria have been referred to in the court decisions.

Although it precedent has been decided with the precedentdetermined that the dominant element of the earlier trademark should be preserved in the later mark, the level of the similarity of later trademark with the earlier trademarkbetween the two has not been is not specified. Concerning According to the Proof of Use Guidelines published by the TPTO, this condition generally is interpreted as re-registration of an earlier trademark without changing its distinctive character. On

the other handHowever, in some of the recent decisions, the of Court of Appeal has ruled that the a later trademark, which is created by adding a descriptive/ secondary element to the distinctive element of the earlier registration, does not possess an acquired right even though it coincides inshares the distinctive part of the earlier registration. At the same timeMeanwhile, there are other decisions where it was accepted that the earlier registration constituted an acquired right where the later application consisted of the dominant element of the earlier registration along with the different secondary or figurative elements. Therefore, it is not wrong to say that there is not anyno general rule applied by the courts in the evaluation of the similarity between the earlier and later trademark in terms of acquired rights: and that it is evaluated separately in terms of specific conditions of each cases.

However, as emphasized in the decision of "ECE LADY / ECE TOFF", when creating a serial trademark, it is necessary not to cause the risk of confusion or to gain unfair advantage by creating a similarity which approaches third parties' earlier trademarks. In this respect, the courts examine every case by taking account the specific circumstances and consistently include in their up-to-date decisions that the applicant cannot claim rights based on the earlier trademark, especially in applications which approach and become similar to a third party's trademark in their stylization, color, and shape. [3]

In addition, both the court and the TPTO have agreed on the fact that the acquired right should be applied specifically to the goods and services covered by the later application if the earlier registration covers the same. [4]

What Is A Long Time?

The most controversial issue on the acquired right concept is the requirement to use the earlier trademark for a long time. It is observed in the current-dated opposition proceeding that the TPTO decided there is not any acquired right for the later application considering five years have not passed since the registration of the earlier trademark.[5]

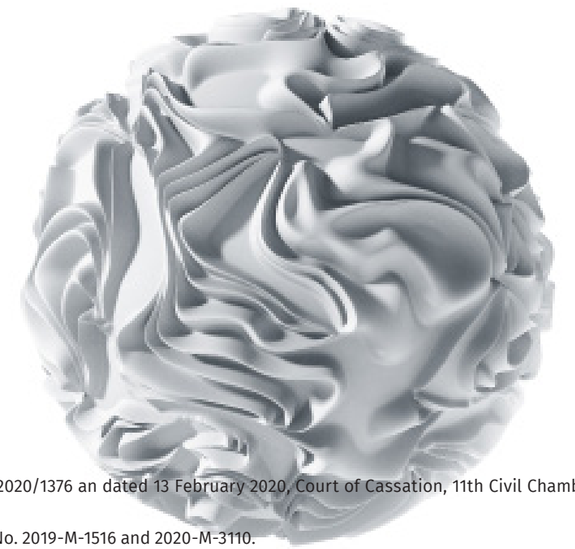
Although the current court decisions do not explicitly indicate the exact period for the use requirement of the earlier trademark, the court decided that the registration date of the earlier trademark "Teknosa Teknolog + Figure" numbered 2011/80880 is 14 November 2012. Less than two years had passed between the date of the applications and the registration date of the earlier trademark, so it would not constitute an acquired right. [6] Similarly, it has been found in another recent decision that the use requirement of the earlier trademark is not fulfilled for a long time, hence the acquired right does not emerge.[7] Therefore, after the TPTO's examination, the earlier registrations do not constitute acquired rights especially for fresh trademark applications which are applied to overcome the non-use defense considering the court practices where proof of use is sought for the earlier trademark.

The last-mentioned condition is that the earlier trademark must not be under the threat of cancellation or invalidation, in other words must not to be the subject of a dispute.[8]

The determination of the acquired right for the later application is highly controversial when the earlier registration was subject to the non-use cancellation action based on Article 14 of Decree Law no.556 on the Protection of Trademarks, which was annulled by the Turkish Constitutional Court and the legal ground of the subject actions were struck out, or the later application is filed in bad faith to overcome a possible non-use defense. [9]

Uncertainty Remains

In conclusion, the recent court and TPTO decisions indicate that there is no established practice in terms of the level of similarity between the earlier and later trademark. Mostly the circumstances specific to each case were considered when assessing the acquired right, but a consensus has been reached that the later application should include the same goods and services covered by the earlier registration to possess the acquired right. The use requirement of the earlier trademark for a long time was mostly interpreted by the TPTO's recent decisions as the registration of the earlier trademark for five years or more. However, while court decisions frequently require that the earlier trademark should not be subject to a dispute, there are also contradictory court rulings when the earlier trademark was subject to a non-use cancellation action based on Article 14 of the Decree Law. Considering the acquired right is still an unsettled practice in Turkish trademark law, discussions on this question will undoubtedly continue in the coming years.



[1] Court of Cassation, 11th Civil Chamber Decision No E. 2019/5254 K. 2020/3363 and dated 1 July 2020, Court of Cassation, 11th Civil Chamber Decision No E. 2019/498 K. 2020/3019 and dated 18 June 2020, Court of Cassation, 11th Civil Chamber Decision No E. 2018/4043 K. 2020/725 and dated 23 January 2020.

[2] Court of Cassation, 11th Civil Chamber Decision No E. 2019/3438 K. 2020/1376 and dated 13 February 2020, Court of Cassation, 11th Civil Chamber Decision No E. 2019/3424 K. 2020/1940 and dated 24 February 2020, Court of Cassation, 11th Civil Chamber Decision No E. 2019/2146 K. 2020/153 and dated 8 January 2020

[3] Court of Cassation, 11th Civil Chamber Decision No E. 2019/2168 K. 2020/585 and dated 21 January 2020, Court of Cassation, 11th Civil Chamber

[4] Court of Cassation, 11th Civil Chamber Decision No E. 2019/3438 K. 2020/1376 an dated 13 February 2020, Court of Cassation, 11th Civil Chamber Decision No E. 2019/4018 K. 2020/2274 and dated 2 March 2020

[5] The Turkish Patent and Trademark Office Appeal Board's Decisions No. 2019-M-1516 and 2020-M-3110.

[6] Court of Cassation, 11th Civil Chamber Decision No E. 2019/2636 K. 2020/504 and dated 20 January 2020

[7] Court of Cassation, 11th Civil Chamber Decision No E. 2020/501 K. 2020/1521 and dated 17 February 2020

[8] Court of Cassation, 11th Civil Chamber Decision No E. 2019/4010 K. 2020/2437 and dated 5 March 2020

[9] Court of Cassation, 11th Civil Chamber Decision No E. 2019/2269 K. 2020/16 and dated 6 January 2020

Does Use in Free Shops Constitute Trademark Use in Turkey?

Early 2017 was the time for Turkish trademark practitioners to close the era of Decree Laws after the Constitutional Court struck out provisions of Turkey's trademark regime. Turkey's long-discussed trademark law practice was on the verge of substantial changes when the Industrial Property Law ("**IP Law**") was published in the Official Gazette on 10 January 2017, with most of the provisions entering into effect on the same date. These substantial changes have brought many discussions to the table. There is no doubt that use in free zones is one of them and it has become one of the highlights in 2020.

The Legal Position of Goods in Transit

Article 7 of the IP Law regulates the scope of the rights of the trademark owner. This article underlines the rights granted by the registration and sets forth exceptions. The equivalent of the article in the abolished Decree Law is Article 9. The Decree Law had given a clear authority to trademark owners to prevent counterfeit goods from entering the customs territory, being subject to a proceeding approved by Customs. Article 7/3-c of the IP Law limits this authority to prevent the counterfeit goods from being subject to import and export proceedings Accordingly other courses of action, e.g., transit of counterfeit goods, have been left out of the scope. The aim of the lawmaker has been discussed for a long time, especially considering that this Article 7/3-c does not perfectly match Article 159/2-b (which ruled that the goods that are subjected to Customs proceedings can be seized within the scope of a preliminary injunction decision).

Where the dominant opinion has favored leaving goods in transit out of the scope of the Law, in 2020 a First Instance Court issued a surprising decision in a non-use cancellation action based upon a Court of Cassations decision rendered on goods in transit.

Article 9 of the IP Law foresees the cancellation of a trademark which is not used within 5 years that follows its registration or 5 consecutive years at any time during the registration period.

Duty-Free Stores

The case at hand concerned whether use in duty-free stores at airports could be interpreted as genuine use in Turkey.

In the case, the plaintiff argued that the defendant's two registered trademarks had not been in use and requested the cancellation of the trademarks. The defendant claimed that the subject trademarks had been put to genuine use and submitted evidence in this regard, such as news, articles published online, consumer reviews, invoices showing the sale of goods bearing the challenged trademark in airport duty-free stores in Turkey, and evidence showing that the defendant has a store at Istanbul Airport bearing the same name as the challenged trademark.

The court decided to confer with an expert witness. The expert report concluded that:

- *Although the sales in the free zone have been interpreted as use in doctrine, the Court of Cassation decisions have rejected such an interpretation. Therefore, use of a trademark in the free zone is not interpreted as genuine use in Turkey.*
- *Thus, the defendant's use of the trademark in duty free zones cannot be accepted as use in Turkey.*
- *In conclusion, the defendant's use of the trademark has not been proven.*

The additional expert report included similar evaluations as well. In this report, the experts referred to the Court of Cassation's decision stating that except for trademark infringement actions, the use in duty free zones cannot be interpreted as use in Turkey.

In October 2020, the court accepted the non-use action and decided to cancel the subject trademarks. The reasoned decision has not been prepared yet, therefore the underlying reasons for the Court's decision are not clear. However, both the experts and the Judge have been influenced by the recent discussions on transiting goods and have widely interpreted the decisions rendered in that regard, and the aim of the law makers on building such rules. Nevertheless it is very early to make conclusions respectively before the Regional Court and the Court of Cassation, as the decision is not final and the involved parties are entitled to challenge the decisions.

The First Instance Court's decision departs entirely from the established practice. For instance, in the Proof of Use Guideline ("**Guideline**") published by the Turkish Patent and Trademark Office ("**TPTO**"), it is clearly stated that the use of a trademark in free zones outside the customs line is considered as valid use in Turkey, since free zones are accepted to remain within Turkey's country borders. At this point, it is important to note that with the enactment of the IP Law, the TPTO has become the authorized body to consider and determine requests for cancelation of trademarks based on non-use. The Office will begin accepting these claims seven years after the IP Law comes into force (10 January 2024).Until that time, non-use claims are advanced within the scope of cancellation actions, handled by the First Instance Courts.

Therefore, this Guideline covers non-use claims in opposition proceedings before TPTO, not non-use cancellation actions filed before the IP courts. However, it still provides insight about the scope of trademark use in Turkey and gives an idea on the future practice of the Office.

Considering the Court of Cassation decisions stating that the sale in free zones must be considered as use in Turkey, since there is no exception regulated for these zones, the First Instance Court's decision is surprising. In this respect, Regional Courts and further Court of Cassation's decisions in possible appeals will clarify trademark use in duty free stores.

Impact of The COVID-19 Pandemic on Anti-Counterfeiting

The effects of the pandemic that started in the first quarter of 2020 are seen in the anti-counterfeiting programs of brands and on the counterfeit product market, as in every field. Although the pandemic is still continuing, anti-counterfeiting programs have become important again in the eyes of the brands within the "new normal".

Suspension of Terms

The first effect of the pandemic, which may also be directly related to anti-counterfeiting, was undoubtedly due to the suspension of the periods regarding certain legal affairs in the judiciary with the President's Decree (Please see the link). With the decision published in March, when the epidemic started to spread rapidly, all terms regarding the origination, exercise, and termination of any rights, including the statute of terms for filing a lawsuit, enforcement proceedings, and mandatory administrative application terms, were suspended from 13 March 2020 to 30 April 2020. Then the suspension period was extended until 15 June 2020. Within the scope of the measures taken by the Board of Judges and Prosecutors, hearings and viewing actions were also postponed, except for urgent matters.

Furthermore, within the scope of the measures taken in courthouses, flexible working methods such as remote working and rotational work and administrative leave practices were also initiated for some personnel, including judges and prosecutors.

It should be noted that, as mentioned in the decision of the Board of Judges and Prosecutors, the suspension of the terms, and the postponement of the hearings, does not mean that the judicial services ceased completely. Since requests and complaints regarding trademark infringement were deemed to be urgent works, during the suspension periods it was possible to file complaints before the prosecutor's offices and to request search and seizure warrants.

However, considering that there are a limited number of judges and prosecutors who have expertise in these cases, it is clear that remote and rotational working practices caused the proceedings to become more difficult.

Impact on Investigations

Measures taken against the pandemic, such as the curfew and the lockdown of shopping centers, have also negatively affected investigation activities. Due to the slowdown in social and business life, many of the places where counterfeit products are produced and offered for sale have also temporarily suspended their activities. This situation resulted in the suspension of both the determination of these locations and the actions to collect evidence. Even in places that were active during this period, the precaution level of people in their social relationships due to the virus made the work of research teams quite difficult. In order to create alternative income tools during the pandemic, manufacturers turned their activities into products such as masks and disinfectants that could be sold quickly. The change in production required the postponement of investigations or raids at the final stage.

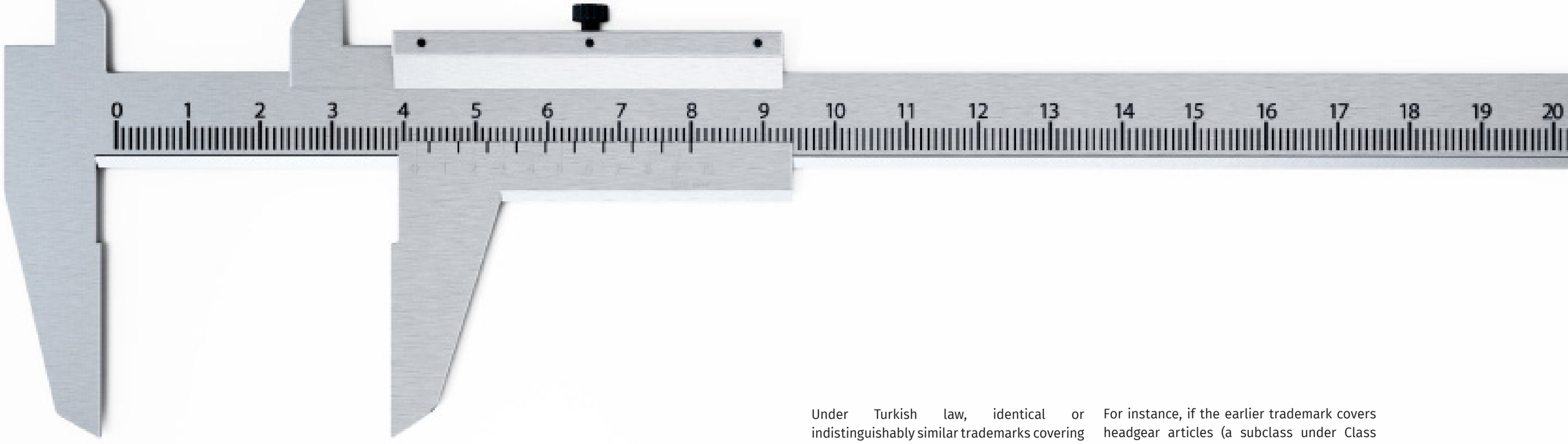
The fact that infringers had turned to products that could be sold quickly has brought about the emergence of a new threat to public health. Poor quality masks and disinfectants that were manufactured in unhygienic conditions and cannot provide protection have suddenly entered the market. In this regard, while there was a decrease in the raids against counterfeit manufacturing, operations against new products that constitute a high risk to public health have accelerated and have become the main matters before the judiciary and police/gendarme departments. Since actions related to trademark infringement became secondary, rights holders also had to slow down their anti-counterfeiting activities.

Lastly, besides all the external factors listed, due to the unpredictable economic conditions around the world, budget restrictions were required by the right holders in terms of anti-counterfeiting projects. Therefore, although raids could be still be carried out, the ceased projects by the right holders caused a gap in the market.

Positive News from Customs

However, we are faced with a more positive picture in terms of seizures carried out before the customs authorities compared to search and seizure operations. The statistics shared by the Ministry of Commerce reveal that the import and export figures climbed back to normal levels as of June after they fell significantly in March and April compared to the previous years due to the effect of the epidemic. The increase in import and export volumes also led to an increase in the numbers of customs suspensions. In fact, the suspension of counterfeit products at customs has increased compared to the same months of the previous years, even in the pre-pandemic period.

This increase is also reflected in the number of products subject to suspension decisions. We are of the opinion that the efforts of manufacturers to rapidly convert products into cash that remain in their stocks during the pandemic were effective in increasing the number of products that were suspended. While producers have tried to ship with lower numbers of products in order to keep the risk low in the previous period, it is observed they have an effort to rapidly deplete their stock in the current period. The volume of goods suspended by the customs authorities increased by 60% in 2018 and more than 100% in 2019. A noticeable increase in the number of suspended goods compared to previous years in such a challenging year indicates that both violation acts and inspections by customs continue at full capacity.



The TPTO Takes a Helpful Approach to Classification

Under Turkish law, identical or indistinguishably similar trademarks covering the same classes (or classes which cover the same kind of goods) cannot co-exist. This is an absolute ground for rejecting a later trademark application.

In this regard, when deciding whether to reject a trademark, the Turkish Patent and Trademark Office ("**TPTO**") considers:

- whether the application is identical or indistinguishably similar to an earlier trademark, and
- whether the goods and/or services covered by the application are identical or indistinguishably similar to those covered by the earlier trademark.

When examining whether the compared goods and/or services are identical or indistinguishably similar, the TPTO looks into their subclasses. The TPTO's examination is grounded in the classification list, prepared in accordance with the Nice Classification system.

For instance, if the earlier trademark covers headgear articles (a subclass under Class 25) and the applicant wishes to register their mark for caps (an article that falls into the "headgear" subclass), the earlier trademark will be cited for the latter application on absolute grounds. Class 25 is not a very large-scale class, as headgear does not refer to a wide of spectrum of items. Consequently, applications/registrations covering this class do not create problems in practice.

However, there are classes and subclasses that cover a wide range of items. For example, the first subclass of Class 1 covers "*Chemicals used in industry, science, photography, agriculture, horticulture, and forestry.*" The term industry includes the agriculture (fishing, timber, tobacco), automotive, electronics, aerospace, chemical, pharmaceutical, defence, telecommunications, paper, steel, construction, food, textile, energy, and petroleum industries. Just because they are gathered under the same subclass does not necessarily mean that these goods are indistinguishably similar. On the contrary, there is a great difference between the chemicals used in the automotive and food sectors.

Recent TPTO Decision

Considering this wide spectrum, the TPTO recently decided that even though these goods are classified under the same subclass, they cannot be considered as the same kind of goods. The case at hand related to a comparison of two trademarks that were almost identical: the only difference was the type of font used, and the fact that one had a minimal device element. However, it is also worth mentioning that these trademarks were not highly originally composed/created words.

In its decision, the TPTO clearly recognized the indistinguishable similarity of the compared trademarks. However, it further added that despite the fact that these goods and services fall into the same scope, the TPTO has the authority to re-evaluate their nature taking into account the specific features of each class and subclass.

Turkey's classification list has been prepared in accordance with the Nice Classification. The basis and practices regarding this system are regulated by the Communiqué on Classification of the Goods and Services Covered by the Trademark Applications ("Communiqué"). Indeed, Articles 3 and 4 of the Communiqué give the TPTO the authority to re-evaluate the nature of goods and their classification in Turkey's classification system.

Absolute Grounds Examination

In accordance with the Communiqué, during the absolute grounds examination, the TPTO is primarily required to consider the goods and services groups in Turkey's classification list to decide whether they are indistinguishably similar. However, the TPTO is also authorized to keep the scope of these groups narrower and/or wider when evaluating their similarity. As explained above, some classes cover goods from various industries. Therefore, the goods used in different industries might be regarded as indistinguishably similar. However, such an approach does not always comply with the methods for determining the similarity level between goods and services. When making comparisons, the following should also be taken into consideration:

- Economic significance of the goods and services
- The ways consumers use goods and suppliers provide services
- Where the goods are generally manufactured/sold, and the services are provided
- The target consumer group

Answers may vary significantly for some goods that fall into the same subclass.

Sharp, Clear, Direct Similarity Required

The TPTO's decision is not surprising, but it is also unusual. Overall, it is promising to see the TPTO exercising its rights arising from the Communiqué and keeping the extent of its ex officio examination's scope narrow. It is clear that the TPTO requires sharp, clear and direct similarity which does not leave any room to interpretation.

A Review of Non-Traditional Trademarks Filed at The TPTO

The IP Law that came into force in 2017 has adopted a clearer (yet not clear enough approach) to non-traditional trademarks.

Since 2017, the Turkish Patent and Trademark Office ("**TPTO**")'s approach to non-traditional trademarks has become more and more positive. However, it is still not possible to argue that the TPTO has an established and settled practice in this area.

3D Trademarks

According to the TPTO's records, 3D trademarks are mostly filed by applicants in the fashion industry, specifically the footwear industry. However, one of the most well-known sandal and slipper manufacturer's 3D trademarks applications have been rejected. Also, another 3D trademark application for a crib shape has been rejected.

An application for a cream container and an application for a soft drink bottle have passed the initial examination. It is noticeable that both applications include word elements that refer to the applicants.

In this regard, it is not a surprise that the Office is still very strict about applications which comprise the product itself.

However, other recent 3D trademark applications that passed the initial examination phase clearly show that the Office has a softer approach towards the 3D trademark applications that are applied on the products. Though, again it is not easy to set a rule as there are still plenty of rejected 3D trademark applications which are applied on the products. It can be concluded that the Office still requires originality to register a 3D trademark.

To conclude, the TPTO's general approach has been to reject 3D applications unless they have a strong distinctive character, or they include a word/device element that directly refers to the applicant.

Color Trademarks

According to the TPTO's online records, the majority of color trademark applications are color combinations, since only 14 of these applications were single color.

Even though some of these applications are still under initial examination, it is noticeable that single color trademarks have been refused ex-officio without any exceptions. As of the date of writing, none of the single color applications filed between October 2019 and October 2020 have passed the initial examination of TPTO.

On the contrary, the majority of color combination trademarks have been published and registered, without facing an ex-officio refusal.

Overall, it could be seen that the TPTO's approach has been positive on color combination trademarks, contrary to single color trademarks.

Sound Trademarks

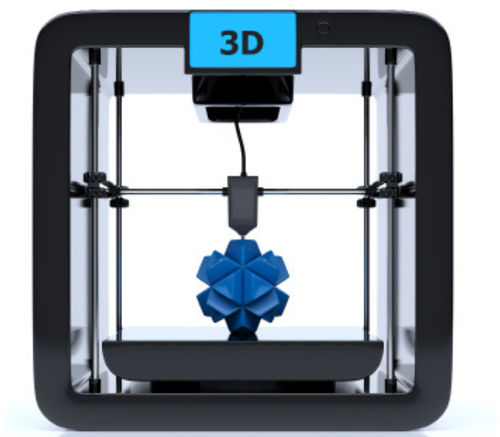
Sound trademarks are not very popular filings. This year three sound trademark applications have been refused on absolute grounds, ex-officio by TPTO. Two of these refused applications are composed of jingles. For example, a sound trademark application that was filed for classes 03, 05 and 16 and consisted of a melody and a slogan (in English) was rejected by TPTO. The applicant has appealed the decision, therefore TPTO's Appeal Board will now examine this matter. Another rejected sound trademark was basically a beep, filed for the services in class 35.

Currently, only one application is in the registration phase, and after the registration fee is paid, the sound trademark will be registered. This trademark consists of a 3-second-long melody and covers goods in class 09 as well as services in classes 35, 38, 41, 42.

Moreover, one application has been published, and for another application, initial examination is completed, and no refusal decision has been rendered. The published application covers services in class 39 and consists of a jingle that includes the applicant's commercial title and the slogan "It is so easy to rent a car!"

Two applications are still in the initial examination step, whereas one application is at the data entry step.

Overall, the applicants mostly filed applications for jingles that include their commercial title beside slogan lyrics. Moreover, it is noticeable that if a sound has not acquired distinctiveness through earlier use, it must directly refer to the applicant to pass the TPTO's initial examination.



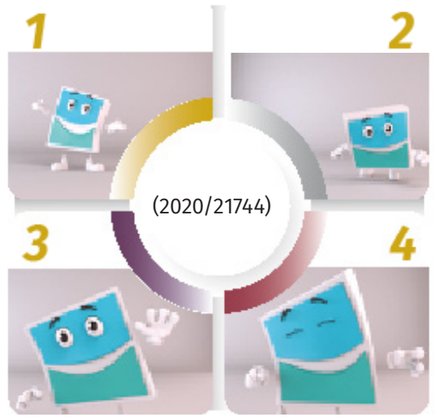
Motion Trademarks

The TPTO's approach for motion trademarks seems more positive than for sound trademarks, as no application was rejected on absolute grounds in the given period.

Two of these trademarks have already been registered, and another trademark will be registered after the payment of the registration fee. Two applications are still under initial examination whereas one application is at data entry step.

As an example, a dried nuts company's motion trademark application was filed for all of the goods and services in classes 01-45 and includes the motion of a squirrel turning to the screen. This trademark has been registered very recently.

Another motion trademark application, covering all of the goods and services in classes 01-to 45, has also recently been published. The trademark consists of a square-shaped figure waving to the screen and smiling, before leaving the screen. It must be noted that this figure is a variation of the applicant's earlier trademark "".



In the Trademark Examination Guideline published by the TPTO in 2019, it was clearly stated that the current technology does not allow taste and smell marks to be shown in the trademark registry. Within this context, it could be concluded that TPTO does not allow the registration of such types of trademarks.

Other Types of Marks

There are no public examples of applications for other types of non-traditional trademarks, such as taste, texture or hologram trademarks. There is no legal obstacle for these types of trademarks to be registered, provided that the condition "being represented on the register in a manner to determine the clear and precise subject matter of the protection" is met.

New TPTO Practice For Notifying Oppositions To International Trademark Applications

The Turkish Patent and Trademark Office ("**TPTO**") has changed its practice on not sending notifications to international trademark holders regarding oppositions raised against their trademarks, as well as its practice on accessibility of the documents in the trademark files by the public. The details regarding these practice changes are as follows:

The Previous Practice Regarding the Notifications

It is indisputable that trademark owners who filed their trademark applications through the World Intellectual Property Organization ("**WIPO**"), are entitled to respond to the oppositions raised against their trademark application, just as local trademark applicants are. However, the TPTO used to not notify the international trademark holders of the oppositions raised against their trademark applications, since the international notification procedure prolongs the registration process and filing a response is not an obligatory step in the Turkish practice.

On the other hand, international trademark owners were still entitled to respond and submit their responses, if they became aware of the oppositions coincidentally. Accordingly, if the applications were not monitored by the international trademark owners, the international trademark owners would become aware of the oppositions only if the oppositions were accepted by the TPTO and the application was refused, partially or entirely, through the rejection decision that is sent through WIPO. In such case, the international trademark owner could file an appeal against the decision before the TPTO Appeal Board.

This practice has been criticized as it limits the defense right of the international trademark owners. These criticisms were ignited when the Industrial Property Law number 6769 ("IP Law") entered into force on 10 January 2017 and introduced the non-use defense to the Turkish practice. One consequence was that the trademark holders were not able to request proof of use within the one-month prescriptive period, as the oppositions were not notified to the international trademark holders.

This practice, which had negative results for the international trademark applications, has been amended in accordance with a TPTO Appeal Board decision rendered in late 2020. The Appeal Board decided that the difference in practice between the local and international trademark applications and the fact that the non-use defense cannot be assserted by international trademark owners during the oppositions raised against their applications as a result of this practice, causes inequality.

The New Practice with respect to Notifications

In accordance with this decision of the Appeal Board, the TPTO has adopted a new practice and started notifying the international trademark applicants about the oppositions raised against their applications through WIPO to allow the international trademark holders to raise a non-use defense and file their responses.

WIPO only tracks if the notifications are made by electronic means. As a result, this practice still causes a problem for the TPTO to determine whether the non-use defense was raised within the definite period of one-month and also for the opponent to raise objections in this regard. Upon information obtained from TPTO executives, the TPTO will shortly offer solutions to WIPO to overcome these new issues

The Previous Practice with respect to Document Access

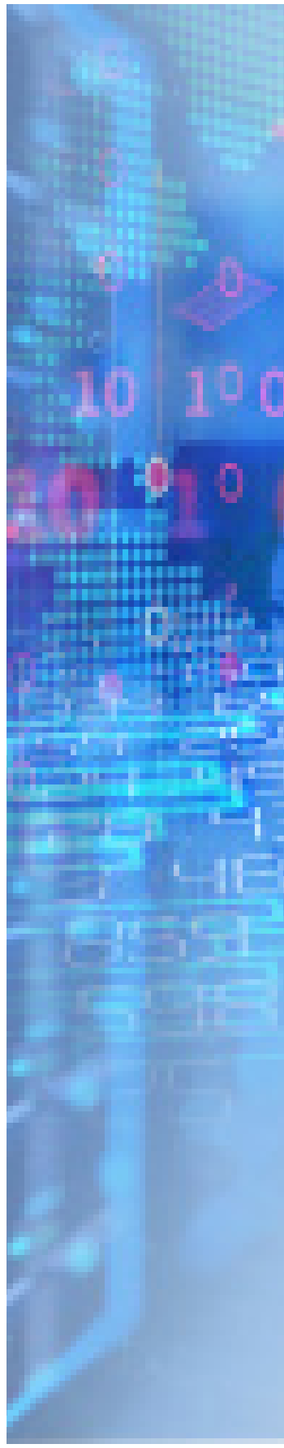
The response to the decisions of the TPTO, opposition petitions as well as responses to the oppositions, proof of use request, proof of use evidence and their annexes used to be accessible through the online system via e-government password by the citizens of Republic of Turkey.

New Practice Regarding the Document Access and Its Impact

The TPTO has restricted access to the opposition and appeal files by third parties, since 3 September 2020, considering that the opposition, response and appeal petitions may include personal data within the scope of the Law on the Protection of Personal Data numbered 6698. This practice creates another hardship for international trademark holders to file responses against oppositions which they are notified about. Because the notifications do not include opposition petitions, and the TPTO only allows access to the opposition files if a local trademark agent is appointed, the attorney submits a power of attorney to the file and records himself or herself as the agent. On the other hand, as of the enforcement date of the IPL, the trademark agents' obligation to submit a power of attorney to handle proceedings before the TPTO for their clients such as responding to oppositions or filing oppositions was lifted. Therefore, the convenience of handling procedures before the TPTO in the absence of any recorded local trademark agent, which was introduced by the IPL, was eliminated with this new practice. The new practice requires international trademark holders to provide a written power of attorney to a local trademark agent. Even then, it may take days for access to be granted to the trademark agent by the TPTO.

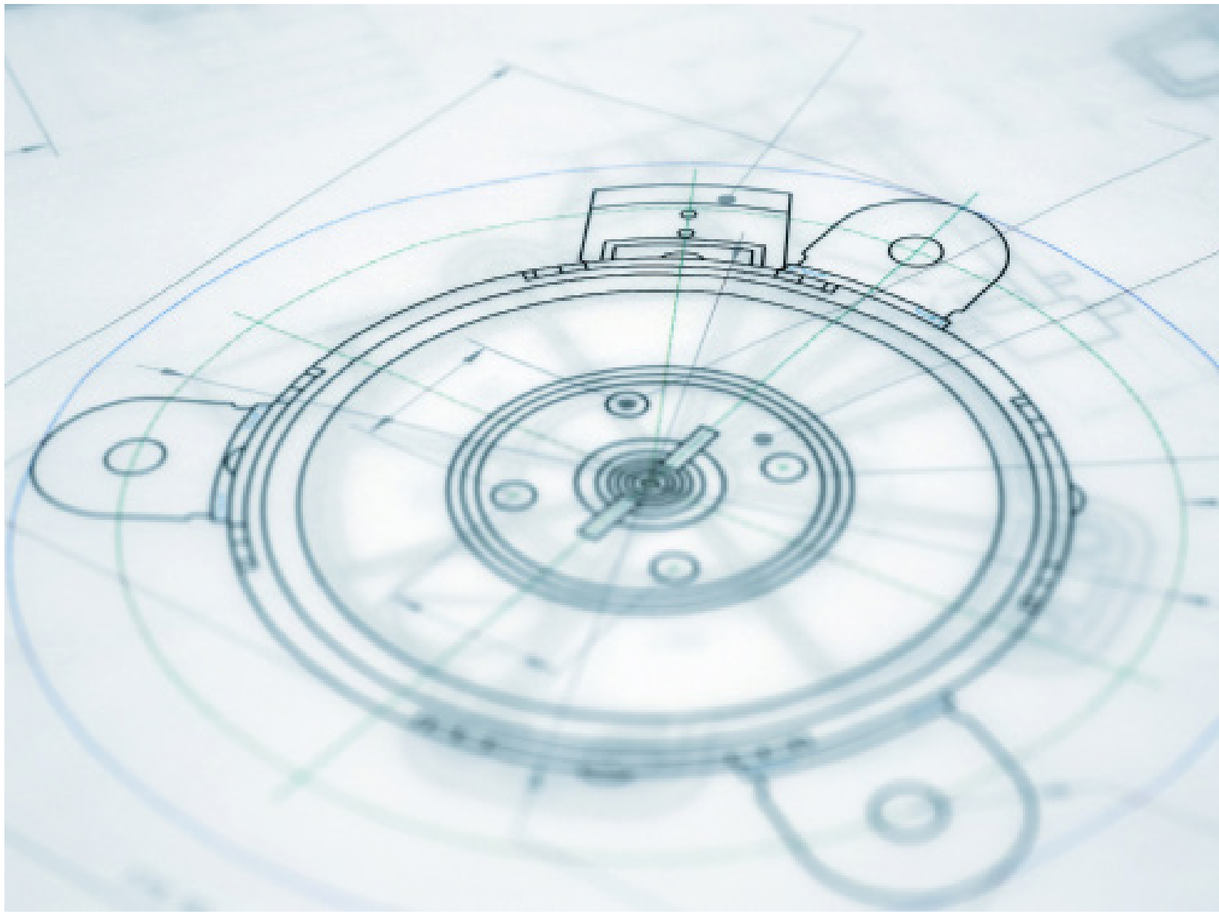
This means the international trademark holders must act very quickly when a notification is received in order to appoint a trademark agent and provide a written power of attorney, considering the short period of one month to respond.

As a result, although in 2020 important steps were taken to remove the inequality between the local and international trademark applications, there is more work to be done to achieve the desired result. We are closely monitoring the actions to be taken by the TPTO in order to establish a unified and reliable practice.



A Stricter Approach to Descriptiveness and Distinctive Character as Absolute Grounds for Refusal

During 2020, the Turkish Patent and Trademark Office ("**TPTO**") showed a tendency to apply the conditions of lack of descriptiveness and distinctiveness more strictly in ex-officio examinations carried out within the framework of absolute refusal grounds in accordance with the Industrial Property Law numbered 6769 ("**IP Law**").



Considering the recent precedents issued by the TPTO regarding absolute refusal grounds, it is noteworthy that the TPTO made strict evaluations on the absolute refusal grounds which were not made during the evaluations regarding the likelihood of confusion regarding Article 6 of the IPL before. Plus, trademarks consisting of foreign words are refused due to the descriptive phrases in comparison with recent years. While examining the relative refusal grounds, the TPTO is taking the foreign language knowledge of the average consumers into account at the minimum level during the likelihood of confusion assessments. It is observed that the TPTO tends to refuse even technical words in foreign languages, not only directly related but also in the related classes within the scope of the ex-officio examination.

Public Interest

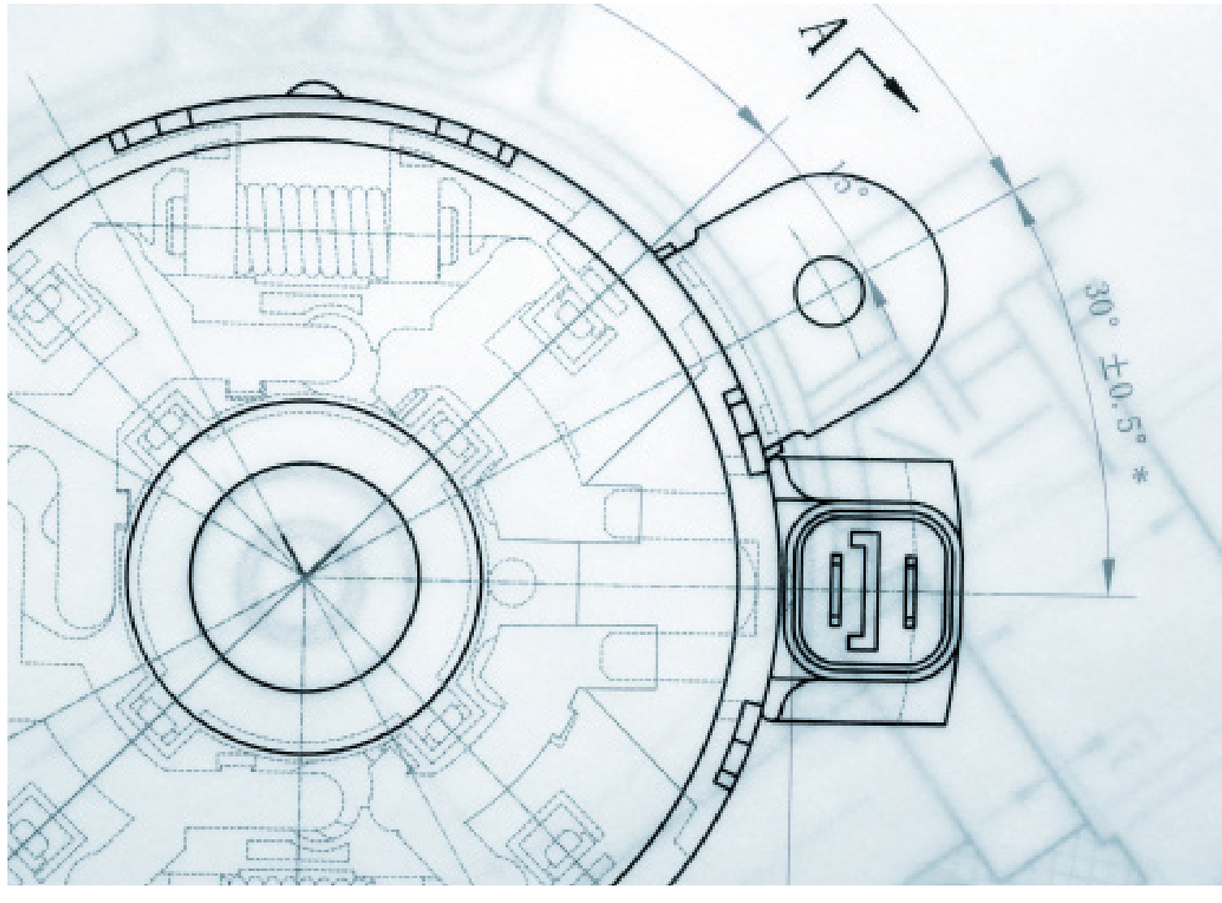
At this point, compared to the previous years, instead of directly considering the perception created by the society regarding the goods and services covered by the trademark, the TPTO tends towards an approach that takes the public interest into consideration. For instance, most phrases that are intended to be registered for use in businesses regarding goods in classes 03, 05 and 10 namely, health etc. but are not known and recognized by the public, are not allowed to be registered. In particular, the TPTO has a strict attitude towards trademarks with low distinctive characteristics and also takes an approach that equates trademarks with low distinctiveness with trademark applications that are almost not indistinguishable.

For instance, simple expressions describing a situation, even if they are not related to the group of goods or services to be registered, are mostly refused by the TPTO, even if they are in a foreign language.

Relevant Consumer Group

Nevertheless, in examinations regarding the absolute grounds for refusal, it is clear that the relevant consumer group in Turkey is more significant rather than the perception of the society. The TPTO has drawn the boundaries of whether all or a certain part of the relevant consumer group will be evaluated while they deal with the situation of words in foreign languages.

According to the recent precedents of the Higher Courts and considering the TPTO's current Trademark Examination Guide published in 2019, "The average consumer profile will be determined on the basis of buyers of the contentious goods or services. For those who speak English, the trademark application named "eBrandValue" will be perceived as the Turkish meaning of "electronic brand valuation" without causing any hesitation." With reference to this statement, the TPTO underlined that the perception of the consumer group who speak English will be sufficient to find the trademark descriptive, rather than the perception of all consumers. Hence, the TPTO's consumer perspective within the framework of the absolute refusal grounds has become stricter than the relative refusal grounds. In fact, the TPTO especially underlines the fact that the average consumer group is not always familiar with the words in a foreign language on the evaluations made within the framework of the relative refusal grounds.



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