

**Intellectual Property
Law 2021
The Year
in Review**

MOROĞLU ARSEVEN

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Introduction

While 2021 was another year dominated by news of the pandemic, business continued to move forward and with it came a number of important legal actions and decisions, especially in the area of intellectual property. As we embrace the challenges of opportunities of 2022, we want to share with you one final look back at some of the most noteworthy developments of the prior year. Moroğlu Arseven is pleased to present ten articles that cover a range of 2021's most important IP issues. Moving forward, our team will continue to keep you informed about the key IP trends that impact your business.

Board of Advertising Determined that Advertisements Which Included a Competitor's Trademark and Distinctive Feature was Comparative Advertising

On 8 June 2021, the Ministry of Commerce Board of Advertising (“**Board**”) considered whether YouTube videos posted by a manufacturer were comparative ads which violated the Commercial Advertising and Unfair Commercial Practices Regulation and the Consumer Protection Law.

In the videos the manufacturer compares its mobile phones to those of a competitor anonymized as “Competitor A.” The videos display the trademark “Exynos” to indicate the brand of processor used in Competitor A's phones.

The competitor manufactures processors under the trademark Exynos for use in its products exclusively, including mobile phones. Thus, the video reveals the unequivocal identity of the Competitor A, which is against the rules of comparative ads.

The Board, in decision 2020/4767, published in official bulletin 310 dated 08 June 2021, ruled that the videos are comparative ads in violation of Articles 7 and 8 of Commercial Advertising and Unfair Commercial Practices Regulation and article 61 of Consumer Protection Law 6502, and ordered their removal.

The Board's decision is available in Turkish at this [link](#).

Guideline on Commercial Advertisement and Unfair Commercial Practices of Social Media Influencers

To clarify the current state of the law on social media advertising governed by Consumer Protection Law numbered 6502 (“**Law**”) and the Regulation on Commercial Advertisement and Unfair Commercial Practices (“**Advert Regulation**”), Turkey’s Advertisement Board (“**Board**”) published its Guideline on Commercial Advertisement and Unfair Commercial Practices of Social Media Influencers, effective 4 May 2021 (“**Guideline**”).

Social media posts that result in financial or other material benefit for influencers are commercial in nature under the Law and Advert Regulation, with which such ads must fully comply. Accordingly, the Guideline requires social media influencer posts to be disclosed as commercial advertising.

Under the Guidelines, social media channels are categorized as (i) video sharing, (ii) photo and message sharing, (iii) podcasts, and (iv) channels on which content is available for a limited time. For each category of social media, the Guideline requires inclusion of certain additional content indicative of commercial advertising.

In addition, the Guideline provides that influencers:

- should not create a perception among consumers about a good or service for which they have no experience;
- should not create the impression that they have voluntarily purchased a product or service that was provided for free by the advertiser;
- should not create the impression that they are merely consumers when in fact they derive financial or other material benefit from their activity;

- should disclose any photo or video effects or filters used in post;
- should not collectively and systematically create or use fake or non-existent identities to communicate about a good or service;
- should abide by applicable law where a post includes health claims about a product or service, including the provision of objectively verifiable scientific data upon which such claims are based.

Furthermore, the Guideline reiterates the advertising ban on the services provided by physicians, dentists, veterinarians, pharmacists, and health institutions.

Moreover, the Guideline requires advertisers to use their best efforts to ensure compliance, including:

- informing influencers about Guideline duties and obligations.
- requesting influencers to comply with the Law, the Advert Regulation, and the Guideline, as well as all other applicable law.
- requesting influencers to seek third-party compliance.

The full text of the Guideline is available at this [link](#). (Only available in Turkish).

Prominent Approach In 2021 to the Assessment Of Acquired Rights: **Must Prove Serious, Long-Term, and Active Use of the Earlier Trademark**





In practice of the Turkish Trademark Law, when the acquired right of a trademark owner is accepted due to her / his earlier trademark registrations, the third-party trademarks earlier than the application date of the latter application do not constitute an obstacle to the registration of the latter trademark application made by the same trademark owner.

Pursuant to the 11th Civil Chamber Court of Appeal's decision of September 19, 2008 (No: 2007/7547 E.-2008/10251 K), a milestone for the acquired rights doctrine referred as "ECE LADY/ ECE TOFF," the acquired right will be protected in the presence of the following conditions:

- filing a new trademark application which preserves the main element of the earlier trademark, and which covers the same or same type goods or services covered by the earlier trademark
- using the earlier trademark for a long time
- non-cancellation threat for the earlier trademark
- not creating a similarity or familiarity with the earlier registrations of third parties which can cause confusion risk and unfair advantage

In recent years, most of these criteria have been referred to in the court decisions within the scope of the assessment of the acquired right. Although in previous court decisions it was stated in the evaluation of acquired rights that the earlier trademark should have been used without dispute for a long time in the market, there was no detailed examination of whether the earlier trademark was used or not.

However, the non-use defense has become claimable both in opposition proceedings and in trademark invalidation and infringement actions, after the entry into force of the Industrial Property Law. After the introduction of the non-use defense in Turkish trademark practice the use of the trademark concerning its duration and extent has become significant in terms of the assessment of the acquired right.

Indeed, it is more important to evaluate whether the earlier registration has been used or whether its use has been suspended for at least five years, particularly in cases of subsequent trademark applications to overcome the non-use defense if the earlier registration(s) has been in place for a long time.

In current court decisions, the use of the earlier trademark is often considered to evaluate the acquired rights, and the serious and long-term use of the earlier trademark is evaluated for the existence of the acquired right in terms of the later trademark. In addition, it has been clearly stated in another court decision that a trademark that is not actually used will not be the subject of an acquired right. Therefore, it is understood that if the earlier trademark had been used for a period, but the uses have been suspended as of the application date of the later trademark, the earlier trademark should not constitute an acquired right. In other words, if the earlier registration becomes vulnerable to having been cancelled based on non-use, it cannot constitute an acquired right for the later trademark application.

Therefore, if an invalidation action is initiated by a third party against the later trademarks, which are filed to overcome the non-use defense, based on its earlier trademark or its genuine right of ownership arising from its serious and long-term use of the trademark, the trademark owner cannot claim acquired rights based on the earlier trademark.

In conclusion, the acquired right practice has become clearer and more efficacious in the current court decisions with the evaluation of the acquired right by examining in detail whether the earlier trademark is in use. It is clearly determined in the current decisions that if it is an unused trademark, the earlier trademark will not constitute an acquired right. While the examination for the serious use of the earlier trademark in the court decisions becomes more visible, in the current decisions of TURKPATENT is currently sought for the earlier trademark to be registered for five years to accept acquired right for the latter application. For this reason, it is a matter of curiosity how this prominent approach of the courts will be reflected in the examination carried out by TURKPATENT in the coming years. In the examinations carried out by TURKPATENT within the scope of the acquired right, whether the proof of use of the earlier trademark will be requested from the applicant will be shaped by practice in the coming years.

A Question of Timing: Negative Declaratory Relief in Pharmaceutical IP Practice

Istanbul's First Instance IP Court recently dismissed a negative declaratory action (the "Case"), citing plaintiff's lack of standing, because the pharmaceutical at issue was unlicensed when the action was started. The ruling is noteworthy because it appears to confirm the precedential force of similar Court of Appeal decisions. ➤

For pharmaceuticals in particular, negative declaratory relief is considered as an effective market-clearing tool. Anyone with an interest in a pharmaceutical product sufficient to confer standing may petition a competent court for a declaratory ruling that current and future use of the product is, or, as the case may be, is not, infringement. These actions are initiated both by pharmaceutical and non-pharmaceutical entities as a means of avoiding prospective infringement actions and, concomitantly, of securing rights before entering a market.

As illustrated by the Case, the timing of the petition is crucial. This is particularly so for pharmaceuticals both in light of the process for bringing a drug, particularly a competing generic, to market; and of Article 85/3-c of the Turkish Industrial Property Law numbered 6769, referred to colloquially as the Bolar exemption, which provides a safe harbor for non-rights holders to use patented pharmaceuticals for clinical trials without infringing on the patent owner's rights.

The Bolar exemption is interpreted and applied without uniformity by Turkey's intellectual and industrial property courts. Accordingly, pharmaceutical companies and IP lawyers have lacked the clarity of a unifying pronouncement of the limits of the Bolar exemption. However, the Court of Appeal has consistently held that an unlicensed pharmaceutical is not subject to IP enforcement.

Under Turkey's Code of Civil Procedure numbered 6100, standing to file an action requires a sufficient legal interest. Where standing is lacking, courts must, ex-officio or upon motion, dismiss the case. In the Case, negative declaratory relief was sought against our client's registered patent rights. We argued that dismissal was required under the Bolar exemption because the product in question was not licensed and, therefore, the plaintiff lacked standing. We asserted that because the product license dossier might change during the licensing process, it would be impossible, prior to licensing, for the court to rule on the merits of the claim.

The court ruled in favor of the patent holder, and dismissed the case. It is reasonable, then, in light of the outcome of the Case, to consider the question of timing settled in accord with the Court of Appeal.

The Case confirms the settled practice of the Court of Appeal and according to the settled practice, in cases of negative declaratory actions, timing is important, as the actions might be refused due to lack of legal interest. Considering this settled approach, it is advisable to file a negative declaratory action close to the anticipated time of the pharmaceutical license approval to avoid dismissal of the case.

Importance of Nature of Goods while Assessing Trademark Similarity in Turkey

In Turkey, as in many other national systems, when a trademark application passes the absolute grounds examination, it is published in the Bulletin and third parties can file oppositions against the application. One of the frequently used opposition grounds is - not surprisingly - likelihood of confusion. ➤

Risk of confusion

Under Turkish Law, the risk of confusion is recognized where the trademarks are the same or similar and they cover the same or similar goods and services.

When deciding whether to reject a trademark upon a third-party opposition, the Turkish Patent and Trademark Office ("TPTO") considers:

- whether the application is the same or similar to the opponent's trademark,
- whether the goods and/or services covered by the application are the same or similar to those covered by the opponent's trademark, and whether the later application causes a likelihood of confusion among consumers.

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

In accordance with established practice:

- Goods and services that are covered by the same sub-classes are considered to be the same or similar.
- However, the fact that the goods and services are covered by the same classes does not necessarily mean that there is a risk of confusion.

In some exceptional cases, the later application can also be refused as a result of a third-party opposition even though it is filed in different classes if there is a close relationship between the goods and services for which the earlier trademark is registered. In other words, classification of goods and services under different class numbers does not necessarily mean that there is no relationship between them.

Pharmaceutical trademarks

When it comes to pharmaceutical trademarks, the TPTO has a rather strict approach. It carries out the similarity test meticulously, and in a slightly different way to its regular similarity test method.

When evaluating trademark similarity, the TPTO finds it important to determine whether the trademarks are derived from INNs, or common terms that are used in the relevant field of study. In order to recognize confusing similarity, it seeks a level of similarity that is close to being identical.

Aside from general rules, the TPTO and the IP Courts are more likely to find similarity where the trademark formations are longer - having three or more syllables - or where they have the same syllables at the beginning and the end, with only one or two sound differences in the middle. Furthermore, if these trademarks also cover goods in the same sub-classes, it is almost a no-go case for almost all kinds of trademarks and in particular for pharmaceutical trademarks.

As a rule, the similarity assessment is based on the average consumer that the trademark addresses. Therefore, determining the correct average consumer group is crucial to assess the likelihood of confusion. Nice Class 5 is a problematic class in light of the likelihood of confusion among trademarks, as it includes a wide variety of goods covering healthcare, personal care and hygienic products.

From this point of view, it is possible to say that some of the goods like personal care products, such as hygienic products, vitamins or dietetic supplements, under Class 5 are aimed at consumers with average attention while others, such as pharmaceuticals and medical devices, are aimed at healthcare professionals. When evaluating the similarity of goods and services regarding pharmaceuticals, the TPTO is inclined to accept the target group of consumers as being users who are well-informed with a high level of attention.

In Turkey, in general, all pharmaceuticals are required to be sold on a prescription basis. If a product is not classified as prescribed, it is deemed to be a non-prescription pharmaceutical. Turkey does not define OTC products in the pharma regulations. However, non-prescription pharmaceuticals are effectively treated as equivalent to OTC products.

The IP Courts take pretty much the same approach as the TPTO. However, the Courts are more likely to consider whether the product is prescribed or not.

Nature of the goods

During the risk assessment between these kinds of trademarks, determining the nature of the goods that are covered by the registration is always important. When comparing drugs, it is easier to determine the nature and the target group in accordance with their summary of product characteristics. However, there are medical products designed to deliver drugs, provided without drugs, and with drugs combined (drug filled syringes), and medical products that contain as an integral part a substance which, if used separately, can be a medicinal product and which are aimed at acting on the human body that qualify as medical devices. These different kinds of products bring different target consumer groups and different channels of trade. Even though these varied groups of medical products coincide in the same Nice class, the risk of confusion is not always the same. That is to say paracetamol containing drugs and vaccines are considered to be coinciding under the same Nice class, though it is almost impossible to confuse them.

Similarly, in a recent case, the TPTO decided to reject a trademark covering only vaccines in Class 5 upon the opposition of a third party having a trademark registration for the Class heading, namely the same sub-class that vaccines cover. When the decision was further challenged before the IP Court, the IP Court made an interesting decision by departing from a commonly applied rule of Turkish trademark practice and taking into account the type of vaccine.

When conducting the test for risk of confusion, the actual use of the trademarks is not the primary focus of the examination. However, in its decision, the Court stated that the trademark opposed consists of a Latin prefix that refers to a specific area where the vaccine is used, and it also refers to a specific timing for the administration of the vaccines (the opponent's trademark also carried the same prefix and covers vaccines). The Court further stated that vaccines for the specific target group of patients are applied within the scope of vaccine policies, they are strictly prescribed by the doctors, and even though it possible to obtain them through pharmacies (with a prescription) they can only be administered at health institutions, by health workers and the administration of vaccines is monitored and tracked. Therefore it is right to conclude that a health worker can sufficiently distinguish these trademarks within the average time allocated to distinguish one vaccine from another.

We view it as a positive development that instead of applying the general rule directly, the Court has taken into account the limited specification of the application. However, the decision of the Court is not final, and it is being challenged before the Regional Court.

Considering that vaccines are a very hot topic in our lives and there are plenty of Covid-related trademark applications for vaccines, it will not be a surprise to see a parallel decision in this regard, particularly as policies on Covid vaccines are more strictly regulated. We are very curious to see what comes next.

Use of Registered Commercial Titles Against Registered Trademark Rights

A commercial title can be defined as a sign that enables the trader to be introduced and distinguished, while a trademark is defined as a sign that helps to distinguish the goods and services of an enterprise from others. In this context, trademark and commercial title are seen as two separate industrial rights with different functions and different areas of use. ➤

According to Article 18 of the Turkish Commercial Code No. 6102 ("TCC"), every trader is under the obligation to choose a commercial title in accordance with the law and to register his commercial enterprise with the trade registry. In addition, according to Article 39 of the TCC, every trader must write the registered commercial title legibly on a visible place of the commercial enterprise. Especially when it comes to the service sector, there are many situations where the usage areas of these two distinguishing signs overlap.

In the registration of commercial titles to the trade registry, an examination is carried out only within the scope of other registered commercial titles, and no examination is conducted as to whether the title subject to the registration creates any confusion with the registered trademarks. Therefore, there is no obstacle to register the same or indistinguishably similar trademark as a commercial title, and under the provisions of the TCC, the trademark right holders are not granted the right to oppose this and prevent the registration of a commercial title. The issue of whether the registration of the same or indistinguishably similar trademark as a commercial title constitutes a trademark infringement and whether the cancellation of the commercial title can be demanded on the basis of the trademark right remains one of the controversial issues in Turkish law in the eye of the letter of Article 7/3-e of the Industrial Property Code No. 6769 ("IPC"), which entered into force in 2017.

A registered trademark owner may request protection based on the unfair competition provisions regulated by the TCC and the provisions of trademark infringement regulated by the IPC, in the event their trademark is unfairly registered as a commercial title by someone else. However, the general acceptance, particularly in terms of trademark infringement, is that the registration and use of a trademark as a title does not in itself constitute a trademark infringement, and there must be a trademark use for the existence of infringement.

The use of any sign as a trademark is called "trademark use." It is accepted that the uses that will take place on the products, advertisements, announcements and banners have the characteristics of trademark use. The use of a commercial name as a commercial title is called "title use." The uses on commercial documents and correspondences that show the trader and do not make any reference to the goods or services -that is, the uses that are shown as mandatory under the TCC in general -constitute a title use, not a trademark use. In determining whether a use should be accepted as a trademark use or a title use, the perception of the average consumer who encounters that use is taken into account. In terms of service marks, it is accepted that trademark usage and title usage can be intertwined. In terms of services such as hotel management, restaurant, and merchandising, it is likely that a title use will have a trademark effect.

Pursuant to Article 7 of the IPC, the use of the sign as a commercial title or company name will infringe the prior trademark right. However, in this Article, it is not specified whether trademark use is required for the existence of infringement. Therefore, in a similar situation, there have been discussions in practice about whether to give priority to the trademark right without seeking trademark use.

It is expected that the verdict to be given about a dispute brought before the Court of Appeal Assembly of Civil Chambers ("ACC") in the near future will clarify this issue.

In the decisions rendered by the Court of Appeal before the decision that is the subject of this study, it is stated that in order to accept that the use of a commercial title constitutes a trademark infringement and an unfair competition, the sign must constitute a trademark use beyond the limit of the use of the commercial title. The 11th Civil Chamber

of the Court of Appeal is of the opinion that not the registration of a trademark as a commercial title or a company name, but the uses of trademark in a way that creates confusion with a trademark will constitute a trademark infringement.¹

However, in a recent decision rendered by the 20th Civil Chamber of the Ankara Regional Court of Justice, the reversing decision of the 11th Civil Chamber of the Court of Appeal was persisted, and it was ruled that the use of titles may also constitute a trademark infringement. In the event subject to the dispute, the court of first instance ruled that in a dispute in which both parties operate in the service sector, the use of the plaintiff's trademark within the commercial title by the defendant does not constitute infringement on the plaintiffs' trademarks on the grounds that it is used within the legal limits and no documents and evidence were presented showing that the commercial title belonging to the defendant was used exceeding the commercial title function. The 20th Civil Chamber of the Ankara Regional Court of Justice, which carried out the appeal, has ruled that the court of first instance decision be annulled on the grounds that even if the commercial title is used only as a title, it will constitute trademark infringement, and that the defendant company's use of the plaintiff's trademark as a commercial title in the same field as the plaintiff companies' trademarks constitutes infringement of the plaintiffs' trademark rights and unfair competition pursuant to Article 7 of the IPC.

In the decision rendered by the 11th Civil Chamber of the Court of Appeal upon the defendant's appeal against the decision of the relevant Regional Court of Justice chamber, it has been stated that the provision of "use of the sign as a commercial title and commercial name" in Article 7 of the IPC comes into effect when the sign is used as a trademark, because according to this Article, if the sign is used in the field of trade, it may be prohibited, and in terms of trademark law, this use of sign is considered as the trademark use. The 11th Civil Chamber of the Court of Appeal reversed the Regional Court of Justice's decision on the grounds that the use of the commercial title "in a way that would create confusion" with the registered trademark should be considered as a trademark infringement, and that the registration of the commercial title alone does not constitute trademark infringement. Therefore, the 11th Civil Chamber of the Court of Appeal stated that the trademark use of the commercial title should be sought for the existence of the trademark infringement.

In the decision rendered by the 20th Civil Chamber of the Ankara Regional Court of Justice upon the decision of reversal, it has been stated that:

- The parties operate in the field of "advertising services"
- With the entry into force of the IPC, even the use of the commercial title only in the form of a title will constitute trademark infringement, and in this case, it is not necessary to use the commercial title as a trademark for the existence of trademark infringement
- In the present case, the fields of activity of the defendant company are the same or similar to the services within the scope of

the registration of the plaintiff's trademarks, and that the defendant uses the commercial title in the service class

- The plaintiffs' trademark registration predates the defendant's commercial title
- In this way, the advertising services presented by the defendant to the average consumer, in a way that presented by the plaintiff trademark owners, are very likely to be confused about the source of the service and to establish a connection between the commercial enterprises of the parties
- Therefore, the defendant's use of his title in the presentation of advertising services in a way to indicate the commercial source will constitute an infringement of the plaintiffs' trademark rights.

For these reasons, the court insisted on its previous decision and ruled to establish the previous verdict in the same manner.

With this decision rendered by the Regional Court of Justice, it was insisted that there is no need to distinguish between title use and trademark use in order to be able to talk about the trademark infringement and to apply the relevant provisions of the IPC. In accordance with explicit provision of the IPC, it is stated that the title use of the trademark will also create confusion and trademark infringement. In the next stage, the dispute will now be examined by the ACC. At this point, ACC decisions are the final decisions, and no decision of insistence can be ruled. Although these decisions are not directly binding on other courts that will rule on similar disputes, the decision of ACC in terms of this dispute is expected to guide the disputes in which the rights arising from the trademark right and commercial title compete.

¹ E.g. Court Of Appeal 11th Civil Chamber E. 2013/16785 K. 2014/6143 28.3.2014 dated decision, in the same direction Court Of Appeal 11th Civil Chamber E. 2015/1881 K. 2015/11056 26.10.2015 dated decision.

Practice of Preliminary Injunctions in Patent Litigation and Contradictory Decisions of Istanbul Regional High Court

Preliminary injunctions (“PIs”) play a significant role in Turkey with respect to all aspects of intellectual property law, as they are effective tools during invalidation and infringement actions to preserve the final result which the plaintiff seeks to achieve. A plaintiff’s claim can be irreparably damaged before and during a trial, meaning that even if the plaintiff is ultimately successful, the remedy they are awarded is no longer effective. For example, the counterparty could transfer the intellectual property rights subject to the invalidation to a third party or continue to produce and sell infringing products until the decisions are finalized, which takes quite a long time.

The legal framework and criteria for injunctions in Turkey are outlined by the Civil Procedural Law numbered 6100 (“CPL”) and the Industrial Property Rights Law numbered 6769 (“IP Law”).

According to CPL, to obtain an injunction the requesting party must prove to the court’s satisfaction that either:

- Irreparable harm will arise if the injunction is not granted, or
- The outcome which the requesting party seeks in its main action will be unlikely unless the injunction is granted.

The degree of evidence requested in PI action is only approximate; meaning, due to the urgent nature of PI, one does not have to prove its right in full, thus the degree of proof required is lowered.

In the same way, IP Law also sets forth that right holders, on the condition that they prove that the actions of the counterparty breach the industrial property right or serious and effective measures are taken to that end, may request the court to order a PI to ensure the effectiveness of judgment. In this context, IP Law provides the seizure of the infringing goods, preventing the commercialization of them and the counterparty depositing a reasonable guarantee to ensure any damages of the plaintiff as an example.

The relevant legislation provides a wide discretion to the judges regarding PIs, especially with respect to whether (i) they are granted ex-parte, (ii) the parties are heard at a hearing set by the first instance court, (iii) the lowered degree of proof requires an expert report (especially in patent cases) or (iv) a guarantee must be deposited by the requesting party, if the PI is granted.

PIs are especially important in patent litigations, since the patents are protected only for a limited time frame, and it is important to ensure the effectiveness of the actions. In patent cases, the common approach is that PIs are granted upon the expert report to shed (at least some) light on the technical dispute and the parties are allowed to submit their comments on the PI.

Recently, the relevant chambers of Istanbul Regional High Court, which is the highest authority to examine the PI decisions granted by the first instances courts, granted contradictory decisions on the criteria regarding PI decisions in patent litigations.

The dispute at hand involved three patent infringement actions between the same parties, which also included a counteraction for the invalidation of the patents, which are quite common in patent infringement actions. All three actions were filed on the same day, thus the procedures in these three actions were quite similar and the necessary steps were taken almost at the same time. Both parties had PI requests: The plaintiff requested the prevention of the commercialization of the goods that are argued to be infringed and the defendant (the plaintiff in the counterparty action) sought PI for the prevention of assignment of the patent until the action is finalized. Additionally, the defendant requested that the plaintiff be prevented from bringing forward its rights arising from its patents against the defendant and to the parties it sells the products.

The first instance courts examined these requests and decided to evaluate the plaintiff's PI request only after all parties' evidence was collected, but then accepted the defendant's request before waiting for the exchange of petitions phase to be concluded in the action or any expert report to be obtained. The court also ordered that a considerable guarantee to be paid by the defendant. The plaintiff believed that the guarantee did not correspond to the possible infringement it has to bear as long as the PI was valid and the conditions to grant a PI was not met. Thus, an objection was filed,

though such objection was only accepted partially by the first instance court and the guarantee amount was increased, yet the PIs remained. It must be noted that at least the procedural arguments in these three actions were almost the same - although, of course, there are several technical differences.

After that the plaintiff filed an appeal against the decision granted upon objection by the first instance courts. Please note that the Regional High Courts examine these appeals and their decision on the PI is final. The appeal requests of the plaintiff were assigned to different Chambers of the Istanbul Regional High Court. Since the PI regarding the prevention of the assignment of the patent, subject to the invalidation, during the invalidation action is quite common, both chambers approved this decision. However, after the examination, two chambers granted different decisions on the appeals by setting forth different requirements with respect to the remaining PI.

In one of the decisions, the Chamber concluded that since both claims in the action (i.e. infringement and invalidation) involves a technical aspect and considering the issue that accepting one party's PI request will have an effect on the other's request, the first instance court should initially have referred the file to an expert committee (including one patent attorney) and then granted a decision on the parties' requests. The same chamber

also concluded that the CPL sets forth that a PI decision should be clear on all aspects it addresses. The chamber noted that the court ordered to pay one total guarantee and it is not clear which amount is to be deposited for which PI. Thus, the appeal of the plaintiff is accepted, and the PI is cancelled.

The other chamber noted that the plaintiff's appeal cannot be accepted, since, even though an expert is indeed required to grant a decision on the plaintiff's PI request, such a report is not required to evaluate the PI requests regarding the prevention of enforcing a duly registered patent right. This decision means that while an expert report is required to limit the property rights of the defendant through a PI, the same is not necessary to prevent the plaintiff from enforcing its rights arising from a patent registration and thus limiting the same, which is also accepted as a property right and limited to 20 years only. Thus, the decisions of two different chambers of Istanbul Regional High Court conflict with one another on the same subject. These decisions establish that there is not a unified approach on how the first instance courts should exercise their discretion for PI requests in patent conflicts. Of course, PIs are unique temporary measures, and it is difficult to set forth definite rules to be applied for all cases, as all legal disputes should be examined by

taking into account their unique features. However, the presence of two different approaches of a judicial authority granting final decisions on PIs, where the procedural issues were almost the same, creates legal uncertainty for both sides of the patent cases. For the plaintiffs, it can be advisable to support their plaintiffs' petitions with private expert opinions to build a stronger opinion before the judges in PI proceedings.

Problems in Determining the Amount of Compensation in Cases Involving Unauthorized Sharing of Images of a Person in Videos for Advertising or Promotional Purposes

In a case handled by the Istanbul Civil Court of Intellectual and Industrial Rights decided in 2021, the plaintiff claimed material and immaterial compensation against the defendant, alleging that an unauthorized image of him was included in an advertisement.

The case in question is important in terms of revealing the difficulties encountered in determining the fair market value in the calculation of material compensation. It also reveals the importance of the recourse mechanism established by companies in "turn-key" projects, since the advertisement in question was prepared by a company that was not a party to the case. ➤

Litigation Process and Court Decision

Companies whose main sector is not promotion and advertisement typically work with large advertising agencies in the promotion of their goods and services or other projects, and it is seen that they continue their activities as in "turn-key projects" in these collaborations. In this context, although the advertising or promotional materials are put on the market by the companies themselves, the responsibility of obtaining all the necessary permissions and consents and the delivery of the work subject to the contract to the company free of any third-party intellectual rights belong to the advertising agency.

In the dispute, which is the subject of the case, a very creative and successful event was organized by the advertising company for a social responsibility project prepared on behalf of the defendant, a company operating worldwide, and the video was published on the internet by the defendant.

Due to the story of the shooting, the advertising agency had organized the event with the family of person to be shot and this person's permission and consent has not been obtained before the video had been published. In this context, the person in the video filed an action on the grounds of violation of personal rights and the unauthorized publication of his images within the scope of Article 86/1 of the Law on Intellectual and Artistic Works and demanded material and immaterial compensation.

Within the scope of the defendant's contract with the advertising company, the advertising company assumes all responsibility for the materials prepared for the defendant and specifically guarantees that they do not violate any intellectual rights of third parties. Therefore, the defendant requested the notification of the case to the advertising company from the court.

The basis of the defense in the case was the fact that the video published was related to a social responsibility project and did not have the characteristics of an advertisement, that the shootings were allowed by the plaintiff's family, and that the plaintiff showed his consent within the scope of his statements declaring his happiness to the media, especially in terms of moral compensation claims. Although the discretion of the moral compensation is left to the judge's evaluation as a legal issue, it was important to determine a fair market value primarily in terms of material compensation claims. For this reason, the court of the first instance assigned the file to an expert panel to calculate the fair market value that would constitute the basis for material compensation.

However, in the expert reports received within the scope of the case, incorrect and incomplete evaluations were made while determining the current price, especially since the person concerned was not famous, was not a professional actor, and did not spend a lot of time, and on the platforms where the relevant video was shared.

As the second expert report in the file stated that the fair market value could only be learned from professional associations, the court decided to ask various associations and leading advertising agencies questions about the fair market value based on the necessary evaluations. Some advertising agencies declined to answer, stating that they could not assess this issue. On the other hand, some associations have determined the fair market value with some vague expressions without examining some details of the event and the claims and defenses of the parties and in the second expert's report, in the calculations made over this fair market value, the amount was less than one-third of the amount calculated in the first expert report.

Although the reasoned decision has not been written yet, the Local Court decided to accept the case after about four years and decided to pay the amount calculated in the expert report for material compensation and half of this amount for immaterial compensation. The decision may be appealed before the Regional Court by both parties and has not been finalized yet.

Evaluations

Although the request for immaterial compensation is at the discretion of the judge, there are difficulties in determining the amount of material compensation and especially in determining the fair market value, regarding material and immaterial compensation claims based on violation of personal rights. These challenges not only make it difficult to make an accurate determination but also affect the efficiency of the cases by prolonging the proceedings.

In this respect, the determination of fair market value is required in the calculation of the loss of profit, and the determination of this value cannot be made (accurately) even by sector experts in special cases, and it requires the opinion of institutions and organizations such as professional associations. In this context, due to the opinions of the institutions and organizations in question, which are not sufficiently clear and intelligible without examining the case file in detail (for this reason, it is open to the objections of the parties), the litigation process is also prolonged. It took about four years to settle the dispute, which is the subject of our study, before the court of the first instance.

When the material and immaterial compensation amounts determined by the court and the decisions rendered by other specialized courts in similar disputes recently, are examined, it is noteworthy that there is no consistency between these decisions. In a case filed by a company employee whose photograph was used in an unauthorized advertisement, the Istanbul Civil Court of Intellectual and Industrial Rights, requested from the Casting Agencies Association to

determine the fair market value, and it was determined as 2,500-TRY for catalog use, 1,250-TRY for use in social media and 1,250 TRY for the use of newspaper advertisements, in 2019¹. In another decision, the amount of compensation to be paid to the child in the team in the promotion of the football school could not be qualified as a professional shooting by the expert committee, and it was evaluated that the budget of such daily shootings was around 600-TRY in the market². On the other hand, this cost for images published without permission of a well-known person was evaluated as 20,000 TRY in 2018³. Accordingly, the recognition of the person whose unauthorized image is included and the media in which the images are published are important criteria when evaluating material compensation.

On the other hand, as demonstrated once again in this case, it is important for a company that performs the project to undertake all responsibility and obtain the necessary permits and approvals, within the scope of the contract in turn-key projects. Considering that numerous projects are carried out simultaneously by large-scale global companies and the follow-up of consent and permissions for each project in the field of its expertise is of great difficulty, detailed and effective regulation of the recourse mechanism is of great importance.

¹ Istanbul 2nd Intellectual and Industrial Rights Civil Court, decision numbered E. 2017/135 K. 2019/227 dated 30.5.2019

² Istanbul 2nd Intellectual and Industrial Rights Civil Court, decision numbered E. 2017/59 K. 2019/180 dated 14.5.2019

³ Istanbul 1st Intellectual and Industrial Property Rights Civil Court, decision numbered E. 2014/126, K. 2018/404

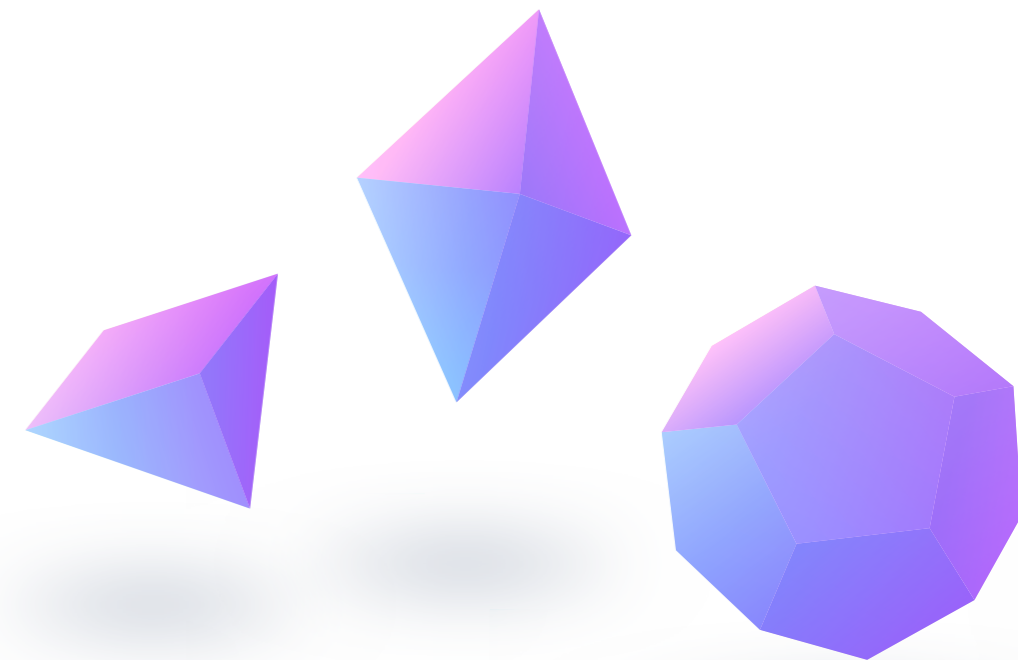
Industry 4.0 and a Need to Adopt a New Approach to Trademark Classification

In Turkey, and perhaps elsewhere, today's technological revolution has made it harder for businesses to register and enforce trademarks because changing technology has made it more difficult to classify products. ➤

The problem has become more acute as we move into the fourth industrial revolution (Industry 4.0), which involves ever-increasing trends toward digitalization and data exchange. It has brought us: the internet of things (IoT), the industrial internet of things (IIoT), cyber-physical systems (CPS), smart manufacturing, smart factories, 3D printing, cloud computing, cognitive computing, artificial intelligence and more.

We use glasses, watches and rings that are connected to other devices; track our data, activity and set reminders; take notes, send messages to other devices we use; and share the data with our families and colleagues, all with the help of Industry 4.0.

As our lives change, our laws evolve in response, or at least should. Rapidly growing trends in Industry 4.0 mean the current legal frameworks require changes and different practices. Trademark law is no exception, particularly regarding the classification of goods and services covered by trademarks.



Trademark Challenges Due to Changing Technology and Applications

A few decades ago, it was simple to determine the classification of a software-related trademark, which would, using the current classification system, belong to Class 09 or Class 42. Today, it has become much more difficult because modern high-tech software and hardware products have many different functions, and therefore many different possible classifications for purposes of trademark registration.

Consider, for example, a virtual reality headset, which is basically a hardware apparatus for game consoles. Since it is a hardware device, it is directly classified as an item in Class 28 pursuant to the World Intellectual Property Organization's 11th edition of the Nice Classification. However, there is also software implemented in these devices, which is used and downloaded through different channels. Therefore, Classes 09 and 42 are also relevant for the trademark. Finally, services are often provided in connection with the product, including communication and education, among other things. The product's multifaceted, multifunctioning nature requires careful, often complex, analysis in terms of properly classifying goods and services in connection with trademark application.

One of the challenges trademark practitioners face is grappling with the current classification system to ensure that multifunctioning technology gains the

proper coverage through the registration. There are too many companies which do not directly provide actual software or computer services, but the nature of their business requires protection within those classes. Due to broad coverages (e.g., "computer software" and "computer services" in classes 09 and 42) the earlier registered trademarks often block later filings.

For example, an entertainment company that sells virtual reality headsets is not necessarily a competitor of software development company, considering that it does not develop or offer a variety of software. Rather, it only implements software to its headset for entertainment purposes. The software may even be outsourced. However, does this mean that the headset company does not deserve protection in Class 09, due to existence of an earlier trademark which has an unjustifiably broad registration?

Considering the rapidly growing technology, it is clear there is a need to define or limit the trademark registration scope of "software" and "computer services."

The European Court of Justice (CJEU), in a relatively recent judgement, addressed key questions involving the clarity and preciseness of "computer software," which were referred by the UK Court of Appeal in the case of *Sky v. SkyKick*. Even though the status of "computer software" was not directly addressed, the requirement for clarity and precision of the specification of goods and services and the concept of bad faith for broadly filed specifications were discussed in the decision. The CJEU ruled that lacking clarity or impreciseness are not grounds for

invalidity. It stated that filing a trademark without intention to use it can constitute bad faith.

The United States practice is a good example for the serious intention to use standard. The United States Patent and Trademark Office explains that if a company has not used its mark in commerce yet, but has a good faith intention to do so in the future, it can file an application to register the trademark or service mark with an intent-to-use (ITU) filing basis.

The practice in South Korea is another important approach. The Korean Intellectual Property Office (KIPO) has decided to classify the software goods in Class 09 as system software, game software and application software, which is a very practical approach considering the fact that software with different purposes is different among non-competing actors.

In Turkish practice, using all class headings in the whole class is common in order just to block the other third parties without an intention to use it. Following the recent CJEU decision, the EUIPO published a statement (on 20 February 2020 titled Decision of ECJ Case C 371/18, *Sky and Others*) welcoming the decision of CJEU and inviting the applicants carefully consider their business needs before applying for overly broad lists of goods and services.



These developments give brands (and practitioners) some hope that there is room to work within the classification framework, especially in the jurisdictions where class headings are commonly preferred. We hope that the actual status of computer software is going to be discussed in the near future as well, considering that our daily use of all items include software.

Classifying Trademarks in Turkey: Practical Tips and Problem Areas

The other problematic issue that often arises in Turkey due to overly broad registrations is a failure to consider the actual use when assessing the risk of confusion, as the current practice is to recognize the similarity between the goods and services covered by the same subclasses.

Class 09 is so broad that it touches almost every field of industry, including the automotive, electronics, aerospace, chemical, pharmaceutical, defense, telecommunications, construction, textile, energy, and petroleum industries.

Just because they are gathered under the same class and/or subclass does not necessarily mean that any goods related to one of these areas are indistinguishably

similar. On the contrary, there might be a significant difference between the software-covered goods in the chemical industry and in the automotive and telecommunication sectors. However, the current system allows the owners who have overly broad registration coverage to block trademark owners who use their trademarks in a very specific field and who file very tailored and limited specifications.

Turkish Courts Less Strict Than Office

When a trademark blocks another trademark from registration due to the reasons cited above, every trademark practitioner instinctively starts assessing the infringement risks that the rejected trademark owner could face.

Fortunately, the assessment of infringement by the courts in Turkey is not as strict as the assessment of rejection by the Turkish Patent and Trademark Office. Given that the courts are inclined to consider the actual use of the trademarks, they often do not conclude that the goods and services that are covered by the same subclass are similar.

Why Changes Are Needed

The current approach to software-related trademark coverage requires changes including:

- The practice of finding goods and services that are covered by the same subclasses to be the same and similar, and adopting a similar approach as KIPO and USPTO
- Departing from the rule of not considering the actual use
- Departing from the rule of class-heading system
- Refining the subclasses that cover overly broad goods and services

As Industry 4.0 continues to grow and evolve, the law must evolve with it. Carefully constructing the goods and services list is one option and considering the actual use is another option. However, one thing is certain: classifying all software and software-related items under one or two Classes does not serve the intended purpose of protecting a trademark.



A New Era For .Tr Domain Name Extensions: TRABIS

It was announced on the platform of Middle East Technical University ("METU"), Nic.TR, on 19 November 2021 that the Turkish Network Information System ("TRABIS"), which was referenced in the Regulation of Internet Domain Names No. 27752 ("Regulation") published in 2010, will take effect in January 2022.

This will result in fundamental changes on many subjects, particularly regarding the allocation, transfer, sale, and dispute resolution of domains with .tr extensions, and a new era will begin for .tr domain name extensions.

Transition to TRABIS

Domain names with .tr extension, which are country-coded top-level domain names (ccTLD) for Turkey, have been administrated by the platform Nic.TR, owned by METU, since 1991 pursuant to the agreement ("Agreement") concluded between the Internet Corporation for Assigned Numbers and Names ("ICANN") and METU. Nic.TR has developed and implemented policies and guidelines regarding .tr domain name extensions under the guidance and practices of ICANN.

In accordance with the protocol signed between METU and Information Technologies and Communication Authority ("BTK") in 2018, the administration of domain names with .tr extension was transferred to BTK, and TRABIS, which was previously scheduled to come into effect in August 2020, as announced by Nic.TR on 19 November 2021, will start functioning in January 2022.

Amendments to be Implemented

The details and some of the fundamental changes in the Regulations and communiqués regarding the functioning of TRABIS as well as the allocation, cancellation, renunciation, sale of and the dispute resolution methods and similar transactions with respect to .tr domain name extensions are as follows:

i. Amendments Regarding the Allocation, Transfer, Sale, Cancellation and Renunciation of Domain Names

- The domain name extensions "org.tr", "net.tr" and "com.tr", which were allocated with documentation during the Nic.TR period, will be allocated undocumented on the "first come, first served" basis.
- Applicants must agree that they will not

violate the rights of third parties when filing the application.

- Transactions such as application, renewal, cancellation, transfer, sale, or renunciation of domain names with .tr extension will only be completed through Registrar Institutions (“KK”), which will function by obtaining accreditation from BTK. Nic.TR will start operating as a KK under the name of METUnic.
- Domain names can be transferred under a limited number of conditions provided that these conditions are proved with relevant documentation.
- With TRABIS, the sale of a domain name is now allowed. However, domain names can be offered to sale after 3 years as of the operation date of TRABIS.
- As long as one of the conditions specified in the legislation is met, the domain name can be cancelled.
- The domain name owner can waive its rights on the domain name by applying to the KK.

ii. Amendments on the Dispute Resolution Mechanism Regarding Domain Names

The fundamental changes regarding the dispute resolution mechanisms, which aim to resolve the disputes faster and more effectively, can be categorized as follows:

a. Dispute Resolution Service Providers and Arbitrators

- While disputes were previously resolved by the Dispute Resolution Mechanism operating under the coordination of the DNS Working Group during the Nic.TR period, disputes will be resolved through the Dispute Resolution Service Provider (“DRSP”) system and by the arbitrators or arbitral tribunals operating within DRSPs, once TRABIS has come into effect.

- DRSPs are defined as universities, professional organizations with public institution status or international organizations. The qualifications of the arbitrators who will operate under DRSPs are regulated by the legislation

b. Application to the Dispute Resolution Mechanism

- For the domain names allocated before TRABIS comes into effect, application to DRSP is possible only if these domain names are renewed after the date on which TRABIS has started functioning.
- To apply to a DRSP, the following conditions should be met:
 - 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, and
 - The domain name is registered or used in bad faith.

In Communiqué on Internet Domain Names Dispute Resolution Mechanism (“Communiqué”), while a number of conditions of bad faith are explicitly stated, these conditions are not limited to those laid down in the Communiqué.

c. Process of Complaint

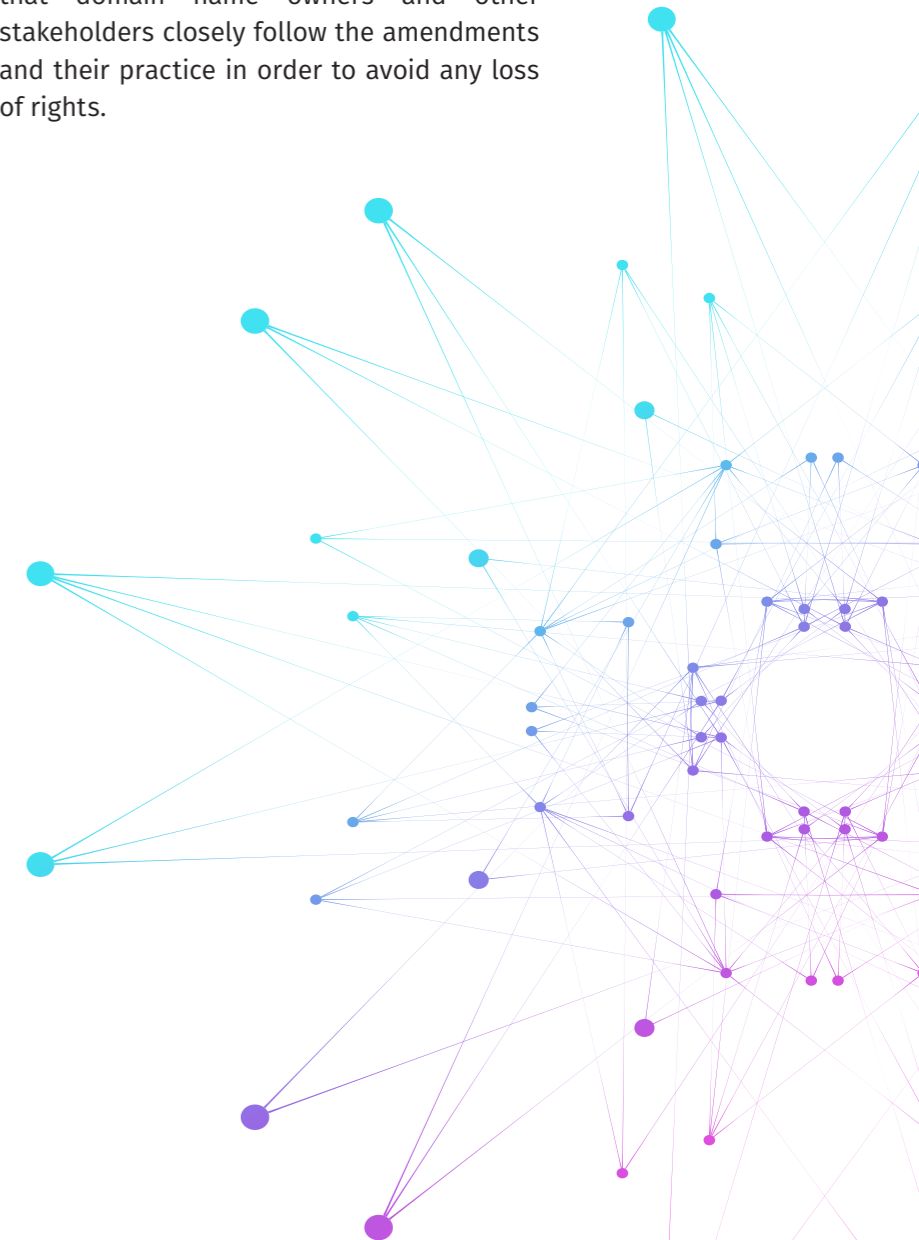
- The complainant applies with a petition to the DRSP of his/her choice and chooses either a tribunal of three arbitrators or a sole arbitrator to examine the dispute.
- With the Communiqué, the timetable for the service of the complaint to the respondent, the response to the complaint, the preparation of the decision by DRSP and its notification to the parties are clearly determined, and it is aimed to accelerate

the dispute resolution process, which was previously uncertain.

- If the respondent responds within the given time, he/she states his/her preference on the number of arbitrators, either three or one.
- If the respondent does not respond, the complaint will be examined in accordance with the information and documents provided by the complainant and, if necessary, obtained from third parties.
- DRSP will promptly publish the disputed domain name, the date of application made to DRSP, the date of the decision, the relevant parties, and the entire text of the decision, unless otherwise stated in the decision, on its website.
- The disputed domain name will be suspended for the duration of the dispute.
- In terms of the implementation of the decision, a dual distinction was made:
 - If an interim injunction decision on the dispute is not submitted to the DRSP within 10 business days from the notification of the decision to the parties or during the dispute resolution phase, the decision will be implemented immediately.
 - However, if an interim injunction decision is not submitted to DRSP within 10 business days following the notification of the decision to the parties or during the dispute resolution phase, the decision will not be implemented, the litigation process' completion will be awaited and the court decision will be implemented immediately.

Conclusion

Many amendments that were previously regulated in the legislation and which are in line with international practices regarding the domain names with .tr extension will be implemented by the year of 2022. These amendments, for which the effectiveness was tied to the operation of TRABIS, affect, in particular, the allocation, sale, transfer, and dispute resolution mechanisms of domain names. From now on, it is expected that the processes will be carried out more effectively, transparently, and objectively. It is important that domain name owners and other stakeholders closely follow the amendments and their practice in order to avoid any loss of rights.



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