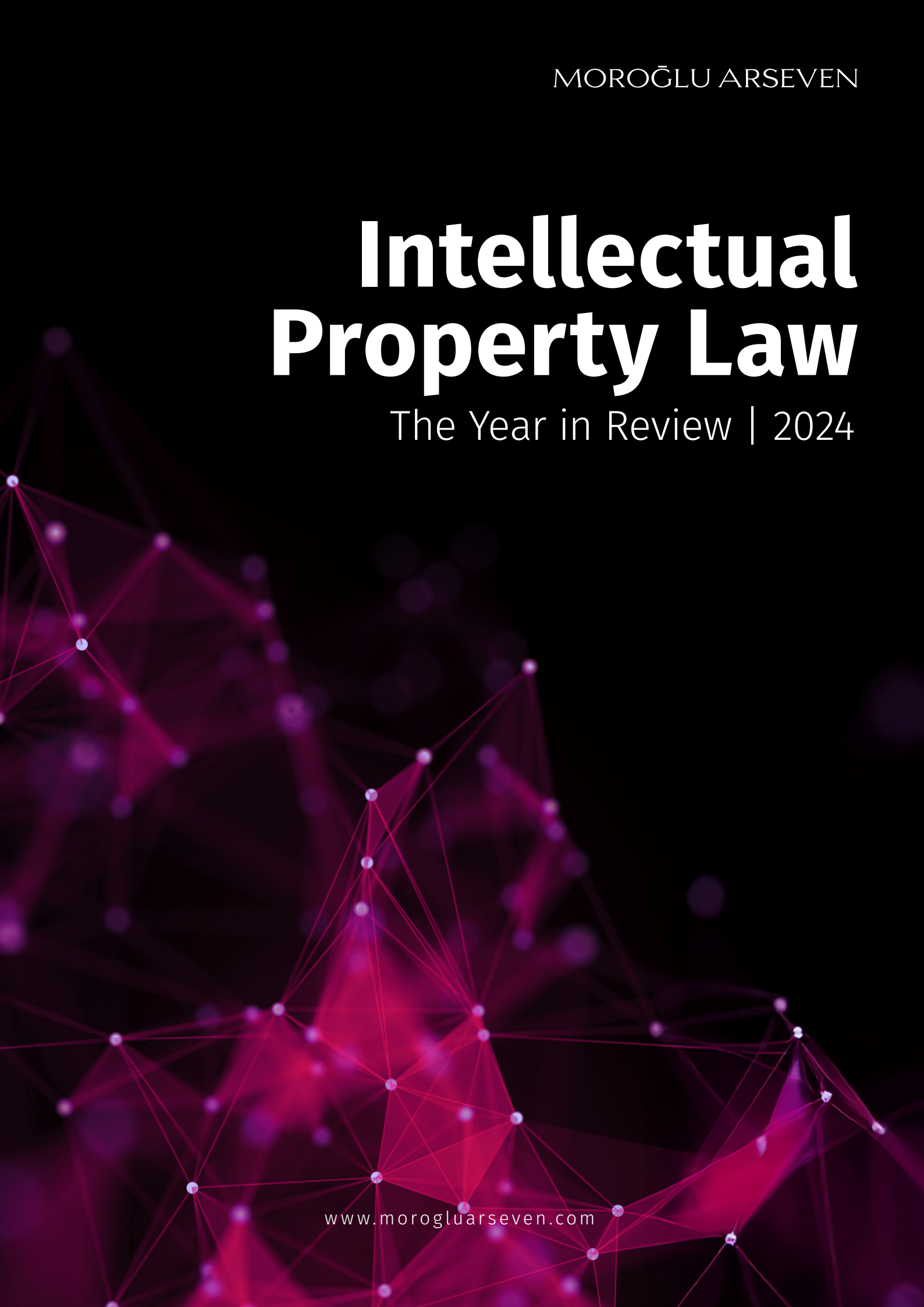
MOROĞLU ARSEVEN

Intellectual Property Law

The Year in Review | 2024



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Introduction

In a time marked by rapid innovative and technological advancements, Turkish Intellectual Property Law continues to adapt to the dynamic nature of the global legal environment in 2024. As Moroğlu Arseven, we have taken the opportunity to reflect on the past year, consolidating our insights and expertise into a comprehensive collection of 11 articles that delve into the most significant developments shaping the field. These articles serve as a testament to our commitment to providing valuable, up-to-date information and fostering a deeper understanding of these critical changes. As we look ahead to 2025, we remain dedicated to monitoring, analyzing, and sharing the latest legal advancements to ensure our clients and readers stay updated and prepared for what lies ahead.

I. Advertising Board's Priority Practices **in 2024**

In 2024, the Advertising Board intensified its inspections with the aim of protecting consumer rights and made significant decisions, particularly concerning misleading advertisement, and surreptitious advertising, and unfair commercial practices. These decisions emphasize the necessity for commercial advertisements to comply with the principle of transparency, reaffirming the Advertising Board's commitment to safeguarding consumer interests.

As in 2023, one of the prominent focus areas of the Advertising Board in 2024 was "health claims." The Board highlighted that societal concerns arising from the pandemic and the acceleration of digitalization have created an information asymmetry to the detriment of consumers, particularly regarding dietary supplements and products marketed with health claims. It also acknowledged the potential influence of social media influencers in promoting such products, given the widespread use of social media platforms.

In this context, the Board intensified its reviews to raise consumer awareness regarding dietary supplement advertisements and to provide guidance to industry representatives. Sanctions were imposed against non-compliant advertisements, with a particular focus on administrative fines. For instance, during its February meeting alone, the Board reviewed 47 separate cases on this matter, resulting in approximately 10 million TRY in administrative fines.

Notably, the advertisement for a multivitamin tablet featuring a famous athlete was found to create the perception that the product enhances physical performance and concentration. The ad was deemed to promote or encourage excessive consumption of the product and was, therefore, classified as containing a health claim in violation of health claim regulations. Consequently, the Board imposed an administrative fine of 1,388,526 TRY and ordered the cessation of the advertisements.

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The Advertising Board has also emphasized that discount rates on products or services must not mislead consumers. Price manipulations, such as artificially inflating prices only to subsequently lower them to create the appearance of a discount, are deemed deceptive practices and result in administrative fines as well as the suspension of the advertisements.

For instance, it was determined that advertisements claimed a television was being sold for a 90% discount for 2,999 TRY from an original price of 28,990 TRY, despite the product never having been sold at 28,990 TRY. This misrepresentation was found to be misleading and deceptive to consumers, violating the principles of fair competition. Consequently, the Board ruled for the suspension of the advertisements.

Another topic frequently reviewed by the Advertising Board in 2024, and likely to remain on the agenda for the foreseeable future, is surreptitious advertising. In particular, hidden advertisements conducted via social media platforms through influencers have drawn attention. Such advertisements, presented without disclosures such as “collaboration” or “advertisement,” are deemed misleading and subject to sanctions.

In a notable decision, an influencer was found to have made promotional posts about their own brand, using highly laudatory language. Despite the brand being the influencer’s, the absence of disclosures such as “advertisement” or “collaboration” led to the classification of the advertisement as surreptitious, and the advertisements were suspended as a result.

Another significant decision concerning surreptitious and hidden advertising pertains to alcoholic beverages. It was determined that in the advertisement, an alcoholic beverage, including the brand logo, was displayed without the beverage being consumed, and clothing matching the colors of the brand’s logo had been worn in the shared content. This was deemed an indirect and surreptitious advertisement for an alcoholic product, violating the relevant regulations. As a result, the Board imposed an administrative fine of 347,128 TRY and ordered the suspension of the advertisements in question.

Another decision category addresses the misleading perception of discounts created through loyalty programs and long-term discount schemes, which have been deemed unfair commercial practices for misleading consumers. Such programs are prohibited from creating a discount perception when no actual discount is offered.

In this context, the Advertising Board has granted a landmark decision aimed at preventing practices that may mislead consumers. The decision stipulates that advertisements for goods or services offered through loyalty programs must not use terms such as “discount,” “savings,” “special discounts/offers for XY card/members,” “pre-discount price,” or visuals like strikethrough prices or downward trend graphs to create a direct or indirect perception of discounts.

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A notable case under this category involved an advertisement which included the statement: "...On bread products, the second of the same item is 50% off. The campaign is valid between ... dates for purchases made with x Card." It was determined that the advertisement gave the impression of a discount using the term "discount" for goods or services offered via a loyalty program. Consequently, the Board ruled that the advertisement must be halted.

A significant portion of the Advertising Board's decisions in 2024 falls under the category of "digital interface manipulations." Manipulative practices on e-commerce websites and mobile applications, such as pre-selected checkboxes or hidden fees, have been closely monitored. User interfaces that mislead consumers, provide insufficient information, or use deceptive designs have been classified as unfair commercial practices.

In one case reviewed on this matter, it was determined that a checkbox labeled "I Want to Become a Member" had been pre-selected without the consumer's explicit consent. Additionally, during the ticket purchasing process, the checkbox for "I have read and agree to the Terms of Use" did not actually provide access to the terms of use document. It was also found that consumers who became members faced unnecessary difficulties when trying to cancel their memberships, a process found to be far more cumbersome than signing up. Furthermore, the application failed to provide consumers with an option to accept or reject targeted advertising based on their interactions with the company's website, content, or services. It was concluded that the design and practices of the site negatively affected consumers' ability to make informed decisions. As a result, an administrative fine of 347,128 TRY was imposed, along with a penalty to suspend the commercial practices in question.

Another important area of decisions involves the presentation of misleading information regarding packaging size and product amount. Failing to clearly indicate changes in a product's content or weight on the packaging has been deemed deceptive advertising, resulting in penalties. For instance, in one case concerning this issue, a set of four soaps was found to be marketed in packaging labeled as 360 grams, while the actual weight was only 320 grams. This effectively increased the unit price of the products indirectly. Moreover, it was determined that the packaging did not include any visible indication or notification of the weight change, in violation of the relevant regulations. As a result, the Board imposed an administrative fine of 347,128 TRY and ordered the suspension of the misleading commercial practices.

The decisions made by the Advertising Board throughout 2024 aim to protect the consumers' right to access accurate information. Transparent and fair commercial practices have been subjected to rigorous oversight to prevent adverse impacts on consumers' economic behavior and ensure compliance with applicable regulations.

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II. Recent Court Of Cassation Decision On The Analogous Application Of Copyright Transfer Agreements And Publishing Agreements

Copyright constitutes a set of moral and economic rights granted to the author of a work that reflects their intellectual effort, bears their characteristics, and is tangible and complete. These rights protect both the economic and personal interests of the author. Often, authors require capital and various resources to effectively utilize their work and transform it into an economically profitable product. In other words, utilizing a work economically often necessitates additional resources. For instance, it is not always feasible for a novelist to independently publish and distribute their own novel.

In the Turkish legal system, copyright is protected under the Law No. 5846 on Intellectual and Artistic Works ("LIAW"), which came into force on December 13, 1951. Under the LIAW, for an intellectual product to be recognized as a "work," it must bear the characteristics of its author, be materialized, and fall within one of the categories defined as literary, musical, fine arts, or cinematographic works. Intellectual products that do not meet these criteria cannot benefit from copyright protection.

The LIAW underwent amendments in 1983, 1995, 2001, and 2004, and efforts to draft a new version have been ongoing since 2010. Despite these efforts, legal regulations concerning technological advancements and the commercialization of works remain insufficient in certain areas. One particularly contentious issue is the prohibition under Article 48 of the LIAW, which states that transfer agreements cannot be made for works that have not yet been created, rendering such agreements null and void.

Formal Requirements and Protection Mechanisms in Copyright Transfer

Under the LIAW, the transfer of copyright is subject to strict formal requirements designed to protect the rights of authors. These provisions allow authors to voluntarily transfer the rights arising from their works while safeguarding their interests. For instance, rights cannot be assigned for works that have not yet been created, and all assigned rights and authorizations related to existing works must be explicitly listed individually in the agreement. These regulations serve to prevent the exploitation of the creator's intellectual labour while providing a legal framework for the dissemination of the work. However, with the commercialization of works, these formal requirements can sometimes be misused by authors themselves, leading to disputes and challenges in enforcement.

The established jurisprudence of the 11th Civil Chamber of the Court of Cassation provides that the assignment of rights cannot occur in cases where the formal requirements are invoked in bad faith. However, it has been accepted within the scope of the established jurisprudence that invoking formal requirements in bad faith is an abuse of rights. Moreover, it has been ruled that in such cases, the use of the work up until the date of the lawsuit or claim does not constitute copyright infringement. (*Yargıtay 11.HD 04.06.2008T. 2007/5015 E. 2008/7374 K.)*

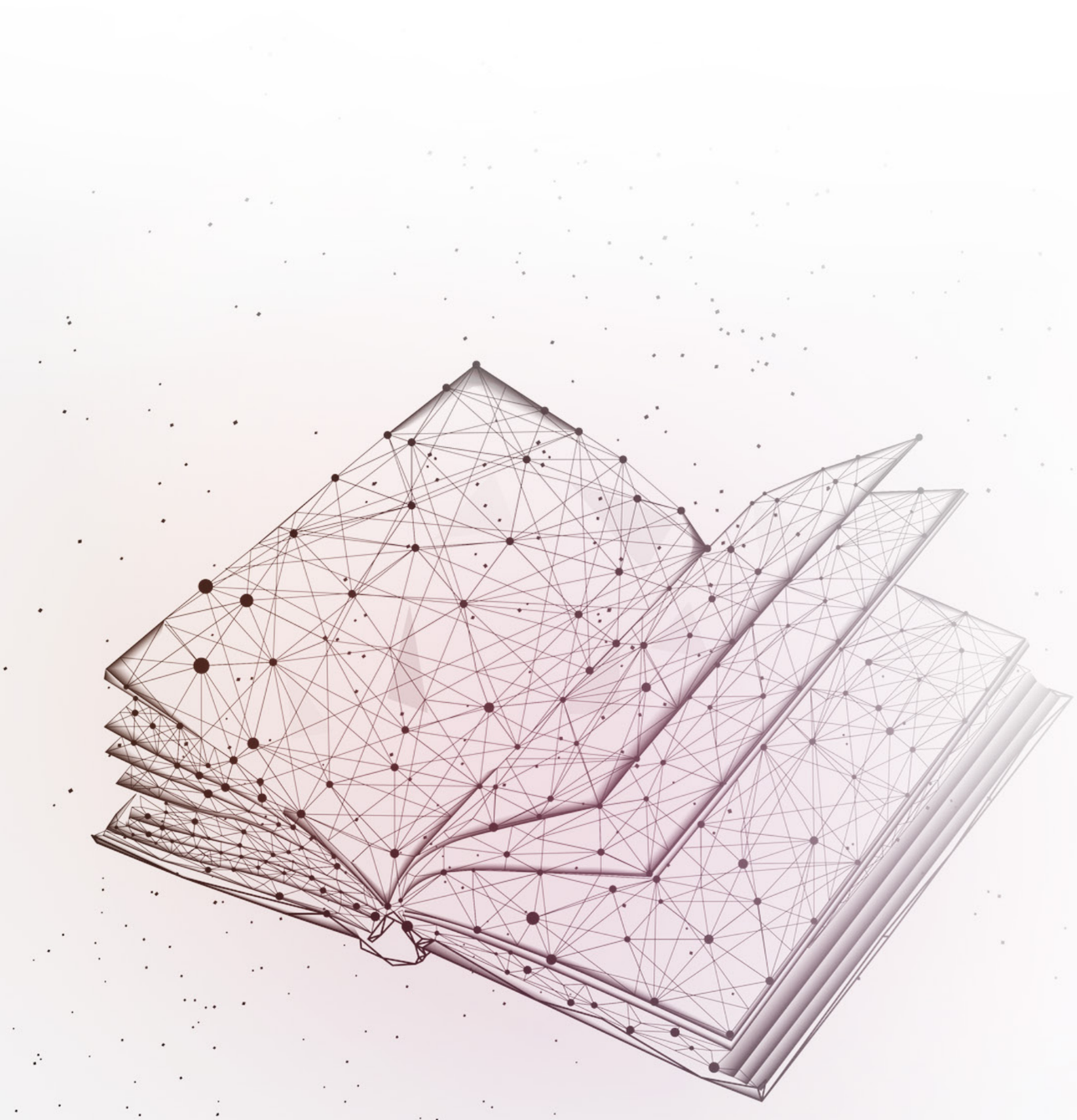
Recent Court of Cassation Decision: Copyright and Publishing Agreement

The recent decision of the 11th Civil Chamber of the Court of Cassation dated May 27, 2024, addresses the claim that copyright assignment agreements between the plaintiff, an illustrator, and the defendant, an author, were executed before the works were created. In this case, the plaintiff and the defendant entered into six copyright assignment agreements between 2012 and 2018, concerning illustrations for the author's children's books. In these agreements, the plaintiff explicitly transferred all economic rights related to the illustrations for the respective children's books, specifying each right individually. The rights were assigned to the defendant without any territorial or temporal limitation and included the right to publish or withhold publication of the illustrations. In return, the illustrator received a one-time payment for each agreement. During the continuation of the contractual relationship between the parties, the books were reprinted multiple times.

However, in 2018, the defendant claimed that the agreements between the parties were executed before the works were created and did not meet the formal requirements, rendering them invalid. Based on these claims, the defendant filed a compensation lawsuit under Article 68 of the LIAW. In this lawsuit, the Local Court ruled that the delivery of the works fulfilled the contractual obligations, thereby resulting in discharge by performance. However, the court also determined that the compensation paid under the agreements applied only to the first print edition. Following the appeals and cassation applications by both parties, the 11th Civil Chamber of the Court of Cassation upheld the Local Court's conclusion that the delivery of the works fulfilled the contractual obligations and resulted in the discharge by performance. The Court also adopted the view that, although the defendant author was not a publisher, the provisions regarding publishing agreements as regulated in Article 491 and subsequent articles of the Turkish Code of Obligations No. 6098 ("TCO") should be applied by analogy. Furthermore, the Court agreed that, since the agreements did not specify the number of prints, the assignment fee paid under the agreements was limited to the first print edition.

Conclusion

The recent decision of the Court of Cassation serves as a significant guide regarding the legal framework of both copyright transfer and publishing agreements. However, the approach adopted in this decision raises questions about whether the fulfilment of obligations through delivery should be deemed sufficient to conclude that the transfer has occurred in cases where copyright transfer agreements are executed before the work is created, or whether this conclusion stems solely from the application of publishing agreement provisions by analogy. On the other hand, the decision introduces a new dimension to the ongoing discussions surrounding the interplay between the provisions of the LIAW and the TCO. It is anticipated that this decision will provide valuable insights for future practices aimed at balancing the protection of the authors' rights with the economic utilization of their works.



III. Procedures Of Trademark Cancellation Due To Non-Use

Under Article 26 of the Law No. 6769 on Industrial Property ("IPL"), the conditions for trademark cancellation are regulated, with non-use being the most common basis for cancellation requests in practice. Although the IPL does not require trademark owners to use the trademark in the classes for which protection is sought at the time of registration, owners are expected to use the trademark seriously within five years from the registration date or provide a legitimate reason for non-use. Otherwise, the trademark may be subject to cancellation upon request.

Under the IPL, the authority to cancel a trademark due to non-use has been granted to the Turkish Patent and Trademark office ("TPTO") upon the request of parties with a legitimate interest. However, considering that courts had exercised this authority for many years, the legislator introduced a transitional period of seven years from the date the IPL came into effect. During this transitional period, which lasted until January 10, 2024, cancellation requests continued to be handled by the competent courts. As of January 10, 2024, these requests are now submitted to and processed directly by the TPTO.

By January 10, 2024,—and unfortunately, even after this date—there was significant curiosity within the intellectual property law community due to the lack of any regulations addressing this critical change. Intense discussions emerged, particularly regarding how the TPTO would implement its authority to handle trademark cancellation requests due to non-use and how the legal uncertainties arising from this transfer of authority would be resolved.

Before January 10, 2024, non-use cancellation requests, which were subject to the written trial procedure under the Code of Civil Procedure No. 6100 ("CCP"), were generally resolved over a long period as part of the judicial process. However, with the regulation that came into effect as of January 10, 2024, these requests have transitioned to an administrative procedure based on the submission of a single petition by each party

and a decision by the TPTO based on the file. This change is expected to result in shorter resolution times, although the average duration for reaching a decision remains a matter of curiosity.

At the same time, on October 20, 2023, the "Draft Regulation Amending the Regulation on the Implementation of the Industrial Property Law" ("Draft Regulation") was published to establish the procedures and principles for the implementation of the authority granted to the TPTO. Public feedback on this Draft Regulation was collected until November 3, 2023. Upon reviewing the content of the Draft Regulation, it is observed that it includes procedural provisions regarding cancellation requests and the withdrawal of such requests. The Draft Regulation stipulates that cancellation requests must be submitted to the Office via a signed cancellation request form, which specifies the grounds for cancellation of the registered trademark by referencing the relevant article, paragraph, and subparagraph of the legislation.

As per Article 30/A (4) of the Draft Regulation, the mandatory elements of the cancellation request form are: a) the registration number of the trademark subject to cancellation, b) the identity and contact information of the requester, c) If the request is submitted through a representative, the representative's identity and contact information, d) the grounds for the cancellation request with reference to the relevant article, paragraph, and subparagraph of the legislation, along with information or documents relating to grounds other than cancellation based on non-use, e) proof of payment of the required fee, and f) the goods or services subject to the cancellation requests.

It is stated that the TPTO will not issue a deficiency notification for applications that do not meet these requirements, and incomplete applications will be deemed as not submitted. Additionally, the Draft Regulation provides that final cancellation decisions issued by the Office will be recorded in the Registry and are expected to be directly enforceable.

The provisions introduced with the "Draft Regulation outline procedural steps for trademark cancellation requests due to non-use. However, certain critical issues that may arise in practice remain unclear. For instance, the evaluation of evidence to demonstrate use is a primary concern. Courts have traditionally followed a settled practice of forming an expert panel, often including experts from the relevant sector where the trademark is used, to assess and verify the evidence. However, as an administrative body, it remains uncertain whether the TPTO will establish a similar expert mechanism. Additionally, there is no official regulation on which areas of expertise would be consulted if such a mechanism is introduced. Similarly, the methods and processes for conducting cancellation reviews within the TPTO, including which unit will handle these reviews and the procedural framework they will follow, have yet to be clarified.

On the other hand, evidence of trademark uses such as invoices, product labels, catalogs, and customs records, may contain trade secrets, potentially leading to legal challenges. In this context, it remains unclear whether the TPTO will implement specific protective measures to safeguard trade secrets. The absence of a clear legal framework on this matter introduces significant ambiguity regarding the procedural operation of the trademark cancellation process.

In summary, although it was anticipated that the gaps identified following the publication of the Draft Regulation on October 20, 2023, would be addressed and that the final regulation regarding the proposed procedure would be issued, no further announcements or guidelines on the matter have been published since the issuance of the draft.

As a result, no clear answers have yet been provided to resolve many of the debated issues as of the beginning of 2025. In practice, it appears that the TPTO accepts cancellation requests due to non-use but does not notify trademark owners, leaving the applications pending. While developments at the TPTO are being closely monitored, procedural uncertainties and substantive questions regarding the process persist.

IV. Recent Court Of Cassation Decision On The Impact Of Nature Of The Goods In Assessing The Likelihood Of Confusion Between Pharmaceutical Trademarks

Evaluations regarding the likelihood of confusion between pharmaceutical trademarks are subject to the general principles set forth in Article 6/1 of the Law No. 6769 on Industrial Property ("IPL"). However, the unique characteristics of pharmaceutical trademarks necessitate that such evaluations be conducted within a specific framework. Pharmaceuticals are directly related to public health and order, and it is mandatory for them to be licensed under a designated trademark before being introduced to the market. Additionally, this product group has distinct characteristics due to the factors such as the requirement for sales exclusively through pharmacies, the prescription or non-prescription status of the product, and the regulatory limitations on advertising and promotion. In this context, various factors influence the assessment of the likelihood of confusion between pharmaceutical trademarks.

Due to advertising and promotion restrictions, it is crucial for pharmaceutical trademarks to be designed to resonate particularly with specialists such as doctors and pharmacists. Consequently, it is common practice for pharmaceutical trademarks to be derived from the active ingredient, the treated disease, the target organs, or a specific characteristic of the drug. This practice often results in pharmaceutical trademarks being classified as weak trademarks, with narrower scopes of protection. As a result, in the evaluation of whether a trademark application is identical or similar to the opposing party's trademark, the weak nature of pharmaceutical trademarks plays a significant role. Even minor differences between trademarks may suffice to distinguish them. In other words, for a likelihood of confusion to be established, the trademarks must often exhibit a degree of similarity close to identity.

The direct impact of pharmaceuticals on human health and their mandatory availability exclusively through pharmacies distinguish the average consumer profile from that of other goods and services. In this context, for prescription drugs, the target consumers are generally considered to be doctors and pharmacists, who are assumed to act more consciously and carefully due to their professional expertise. For non-prescription drugs, while the average consumer is the public, it is assumed that, given the health-related nature of these products, consumers will also act with greater care than usual.

In the evaluation of the likelihood of confusion between pharmaceutical trademarks, it is evident that the nature of the goods, despite being in the same subclass, plays a significant role. This is because the nature of the products, as determined by reviewing their package inserts, can identify the target consumer group. For instance, there are five different types of prescriptions—white, red, orange, purple, and green—under which drugs are prescribed to patients depending on the nature of the drugs. Antibiotics, simple painkillers, and medications for diabetes and hypertension fall under the white prescription category and can be prescribed by any physician. Conversely, drugs containing narcotic substances fall under the red prescription category and can only be prescribed by specialists in certain fields. Additionally, there are drugs, such as vaccines, that are exclusively used by healthcare professionals in medical institutions. Although these diverse pharmaceuticals may belong to the same subclass, the level of attention of the average consumer group will not always be the same, and the likelihood of confusion will not be evaluated identically in every case.

In this context, the 11th Civil Chamber of the Court of Cassation, following its appellate review, upheld a decision in a dispute where the nature of the goods for which pharmaceutical trademarks are registered and/or sought to be registered was also evaluated within the scope of the likelihood of confusion.

In the dispute under review, the plaintiff applied in 2018 to register a seven-letter word mark in Class 5 for “Pharmaceutical products, vaccines.”. This application was opposed on the grounds of another seven-letter trademark registered for goods under Class 5 such as “Medicines for human and animal health; chemical products for medical and veterinary purposes; chemical radioactive substances for medical and veterinary purposes; cosmetics containing medicines; dietetic substances for medical and veterinary use; dietary supplements for humans and animals; nutritional supplements; medical preparations for weight loss; baby foods; medicinal plants; and herbal beverages for medical purposes.”.

The trademarks in question, as shown in the table below, differ only in their 5th and 7th letters. All other letters in the trademarks are identical and arranged in the same order.

The Trademark Department Directorate, which reviewed the opposition, decided to reject the trademark application on the grounds of similarity/likelihood of confusion between the trademarks. Upon the applicant's objection, the Re-Examination and Evaluation Board (REEB) reviewed the decision and determined that the trademark application and the opposing party’s trademark were similar in terms of their visual, phonetic, and overall impressions. It also concluded that the goods covered by the trademark application and those registered under the opposing party’s trademark were either identical or of similar nature. Based on this assessment, the REEB upheld the decision of the Trademark Department Directorate.

The applicant subsequently filed a lawsuit seeking the annulment of the REEB decision. Following the trial, the First Instance Court stated that when assessing the likelihood of confusion between the trademarks, factors such as the target consumer group of the relevant product, the general impression the products leave on those consumers, the perception of the average consumer, and the degree of care and attention exercised during the purchasing decisions must be taken into account. The court further noted that the trademark application covers vaccines, which are not administered even in pharmacies, are prescription-only, and are administered exclusively by hospitals and family health centres. Vaccination is also subject to a formal procedure and is closely monitored. Based on these considerations, the court concluded that, in assessing the risk of confusion, the focus should be on professionally qualified individuals such as doctors and pharmacists.

On the other hand, the court stated that the combination of the first four letters, which are identical in both the trademark application and the opposing party’s trademark, do not refer to an active ingredient but create an expression indicating the characteristics and quantities related to the vaccine for which the trademark application was intended to be used. As such, the prefix made from the first four letters were deemed to lack distinctive character and would not be considered in the assessment of trademark distinctiveness.

Based on this assessment, the First Instance Court concluded that there was no visual, auditory, or conceptual similarity between the compared trademarks sufficient to create a likelihood of confusion. Accordingly, the court accepted the lawsuit and annulled the decision handed down by the REEB.

The Regional Court of Appeals, upon reviewing the decision, emphasized that the trademark application pertains to a vaccine used to prevent distinct serious diseases, whereas the opposing party’s trademark relates to a medication intended to prevent the onset of a disease. The court concluded that there was no likelihood of confusion or association between the trademarks, given the nature of the products they were used for. It therefore upheld the decision of the First Instance Court. The Court of Cassation also affirmed the decision, stating that it was in compliance with procedural and legal requirements.

In this dispute, the established precedent that goods within the same subclass are identical or similar in nature was set aside. Both the First Instance Court and the Regional Court of Appeals conducted their evaluations based on the actual use of the goods for which registration was sought and the specific circumstances of the case.

The decision serves as a critical guideline for evaluating the likelihood of confusion in pharmaceutical trademarks. It includes significant assessments on the following issues:

- Whether non-distinctive elements in the trademark application should be considered during the examination,
- Determination of the average consumer group based on whether the consumer has direct accesss to the medication,
- The importance of assessing the attention level of the average consumer, and the impact of this attention level on the overall likelihood of confusion analysis.

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V. Repair Exception In Design Law And Its Current Impacts On The Automative Sector

Türkiye, with its strong production infrastructure in the automotive sector, stands as a regional hub for both vehicle and spare parts manufacturing. According to the 2024 export data provided by the Turkish Statistical Institute, the automotive sector ranks first, accounting for approximately 30% of total exports, including vehicles and spare parts. For this reason, original automobile and spare parts manufacturers place significant importance on the protection of intellectual property rights related to spare parts in Türkiye.

The protection of the visual appearance of automotive spare parts is possible through industrial design registration. A component of a complex product is eligible for registration if it remains visible during the normal use of the complex product and if its visible features satisfy the novelty requirement and have individual character.

However, due to the repair exception for spare parts, automobile manufacturers have very limited grounds to initiate legal actions against spare part manufacturers producing identical copies of their registered designs. For this reason, it is essential for automobile manufacturers to closely monitor the spare parts industry and carefully evaluate the boundaries of the repair clause exception.

Repair Exception

The repair clause is addressed in Article 59/4 of the Law No. 6769 on Industrial Property ("IPL") and includes restrictions against the design owner's rights in favor of spare part manufacturers. These restrictions apply to actions aimed at restoring a complex product to its original appearance.

A complex product is a product consisting of parts that can be disassembled and reassembled or replaced. Parts that must be designed in a specific way to ensure the visual harmony of the complex product are referred to as must-match parts. For example, a car is a complex product, while its bumper and headlights are considered must-match parts due to their visual necessity. Although it is possible to register must-match parts as designs, Article 59/4 of the IPL introduces a repair clause specifically for such parts. Under this clause, protection for these parts is limited to a period of three years.

For a spare part to fall within the scope of the repair clause, the following conditions must be met:

- The spare part must be dependent on the appearance of the complex product and constitute a visually mandatory component.

- The part must be used for repair purposes to restore the complex product to its original appearance. Use of the part for purposes such as enhancing the aesthetic appeal of the complex product or facilitating its use falls outside the scope of the exception.

- The public must not be misled about the origin of the spare part. The spare part manufacturer must take measures to prevent the public from being misled into believing that the spare part was produced by the manufacturer of the complex product.

- At least three years must have passed since the spare part was first made publicly available. In this regard, the registration holder of the spare part is granted protection limited to three years.

While this regulation was generally present under Decree-Law No. 554 on the Protection of Designs, it is essential to also address the equivalent part exception introduced to Turkish law for the first time under the IPL. Pursuant to Article 59/5 of the IPL, the use of equivalent parts published by the Ministry of Science, Industry and Technology, is permissible within three years from the date the design is first placed on the market. In this context, another condition for the repair exception is that the part in question must not be among the equivalent parts determined by the Ministry of Science, Industry, and Technology. However, despite nearly eight years having passed since the IPL came into effect, no equivalent parts list has yet been published.

Components that must be manufactured in a specific shape and size to be used in a complex product are referred to as "must fit" components. Pursuant to Article 58/4-c of the IPL, these components are excluded from design protection. The rationale for this exclusion is to prevent monopolization of parts that are inherently necessary for functionality and to uphold the principle that design law protects appearance, not functionality. For example, a connection component linked to a car pedal that transmits commands to the vehicle would fall under this category.

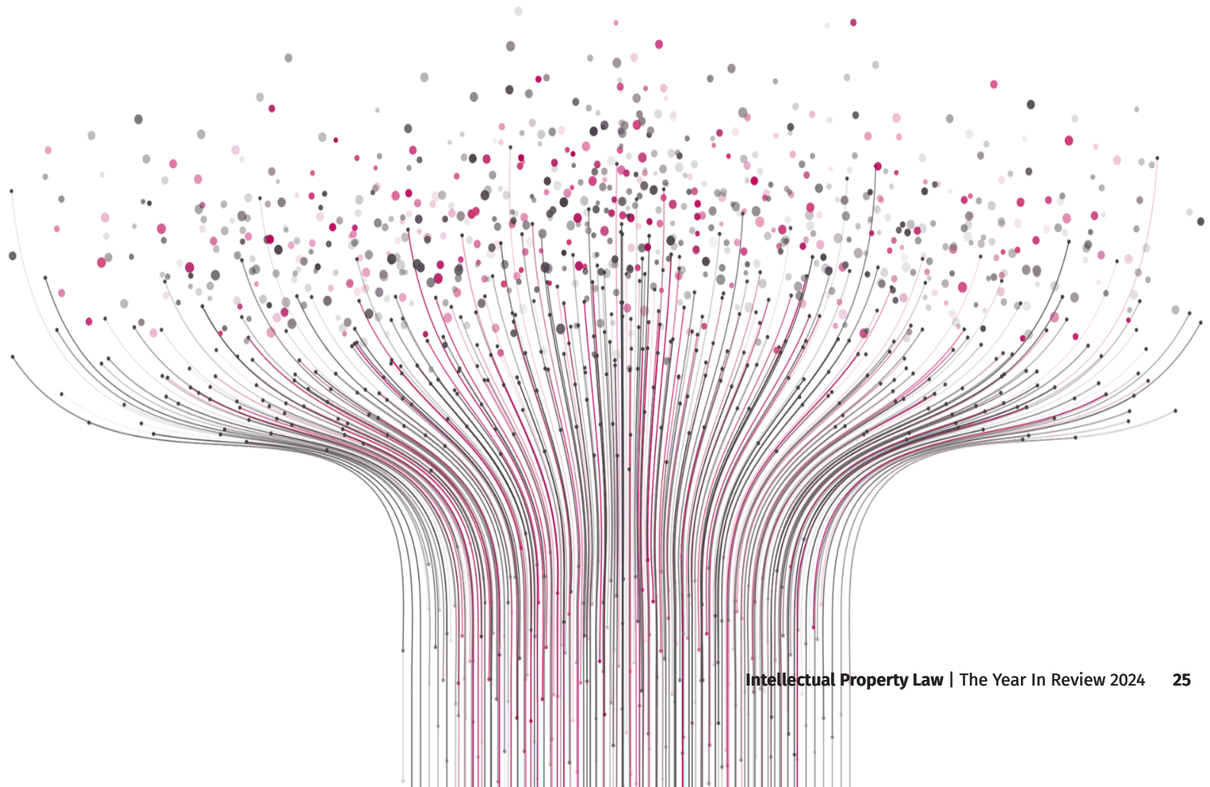
Project on Informing Spare Part Manufacturers

As part of a project conducted in 2024 for an automobile manufacturer, spare part trade fairs were visited to identify the registered designs belonging to the automobile manufacturer that were being used. Additionally, the use of these designs on products, as well as their representation in promotional tools such as the websites and catalogues of spare part manufacturers, were examined.

The investigation revealed that the vast majority of spare part manufacturers consciously used their own trademarks on the products and included their reference numbers alongside the Original Equipment Manufacturer ("OEM") numbers to indicate that the spare part was produced by them. In this context, it was assessed that spare part manufacturers were acting with an understanding of the repair exception and its limitations.

On the other hand, it was also determined that, in some cases, the promotional materials featured the automobile manufacturer's trademark in a manner that exceeded the legal boundaries of proper use. Additionally, it was identified that the products being sold were not items carrying the automobile manufacturer's trademark. When these spare part manufacturers were contacted, it was found that they were unaware of the limitations of the repair exception.

In this context, when assessing spare part manufacturers, the evaluation should not be limited to design protection alone. The automobile manufacturer's trademark rights and provisions related to unfair competition must also be thoroughly examined. Furthermore, it is advisable to provide unintentional spare part manufacturers with information regarding the boundaries of the repair exception.



VI. Assessments On Indirect Patent Infringement In Turkish Practice

There is no uniform opinion on whether indirect patent infringement is regulated under the Industrial Property Law No. 6769 (“IPL”).

Article 141 of the IPL defines the acts constituting patent infringement in a limited manner. However, it does not explicitly include acts such as contributing to or encouraging infringement or providing assistance. Nevertheless, partially or fully manufacturing an invention subject to a patent or utility model without the patent holder's consent, thereby resulting in imitation, is listed among the infringing acts.

Along with this, Article 86 of the IPL also includes a provision titled “the prevention of indirect use of the invention” (1) The patent holder has the right to prevent third parties from providing elements or means related to a part constituting the essence of the patented invention, enabling its implementation, to persons not authorized to use the patented invention. For this provision to apply, the third party must know, or it must be sufficiently obvious, that these elements or means are sufficient to implement the invention and will be used for that purpose”"

In this context, it can be argued that the partial imitation of a product subject to an invention falls within the scope of indirect infringement under the current regulations. However, it is also possible to interpret that the legislator intentionally did not provide legal protection against indirect infringement by not explicitly addressing it, and that Article 86 of the IPL merely enables the prevention of the indirect use of the invention.

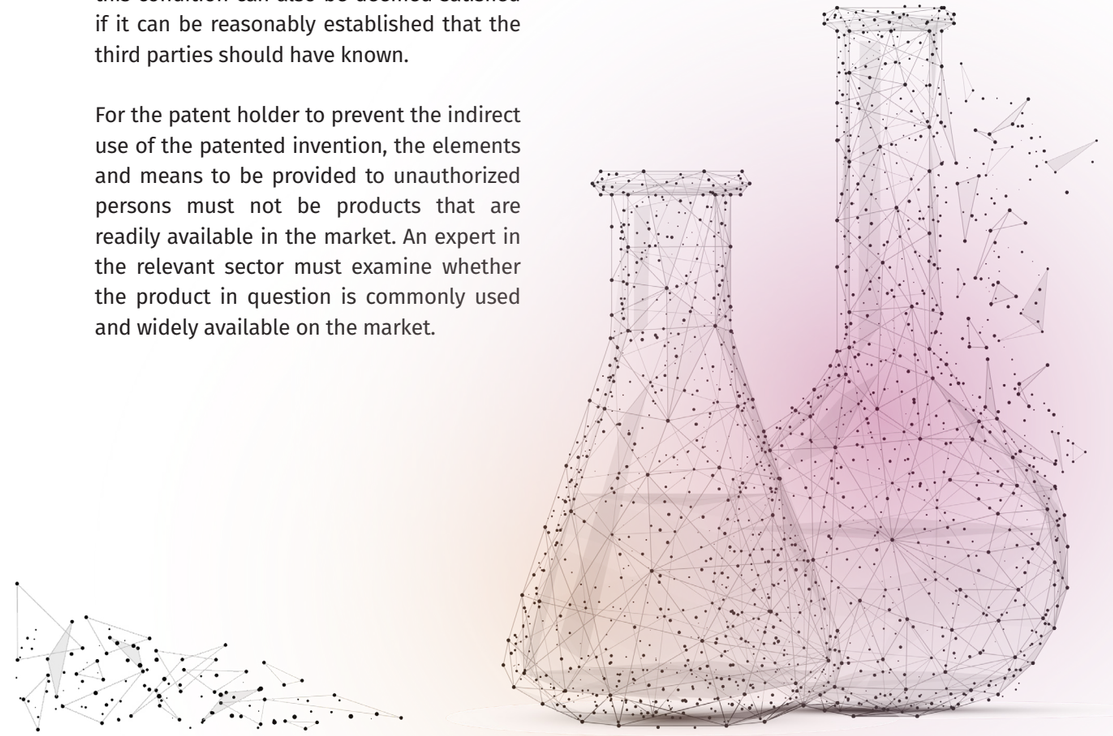
The first requirement under Article 86 is the presence of elements or means related to a part that enables the implementation of the invention and constitutes its essence. In this context, the essence of the invention can be considered as the element that characterizes the invention and provides its novelty. For example, in a 2023 decision by the Istanbul Regional Court of Appeal regarding an allegation of indirect infringement, it was determined that the part claimed to constitute the essential element of the invention did not include any new technical feature and was also covered under other patents.

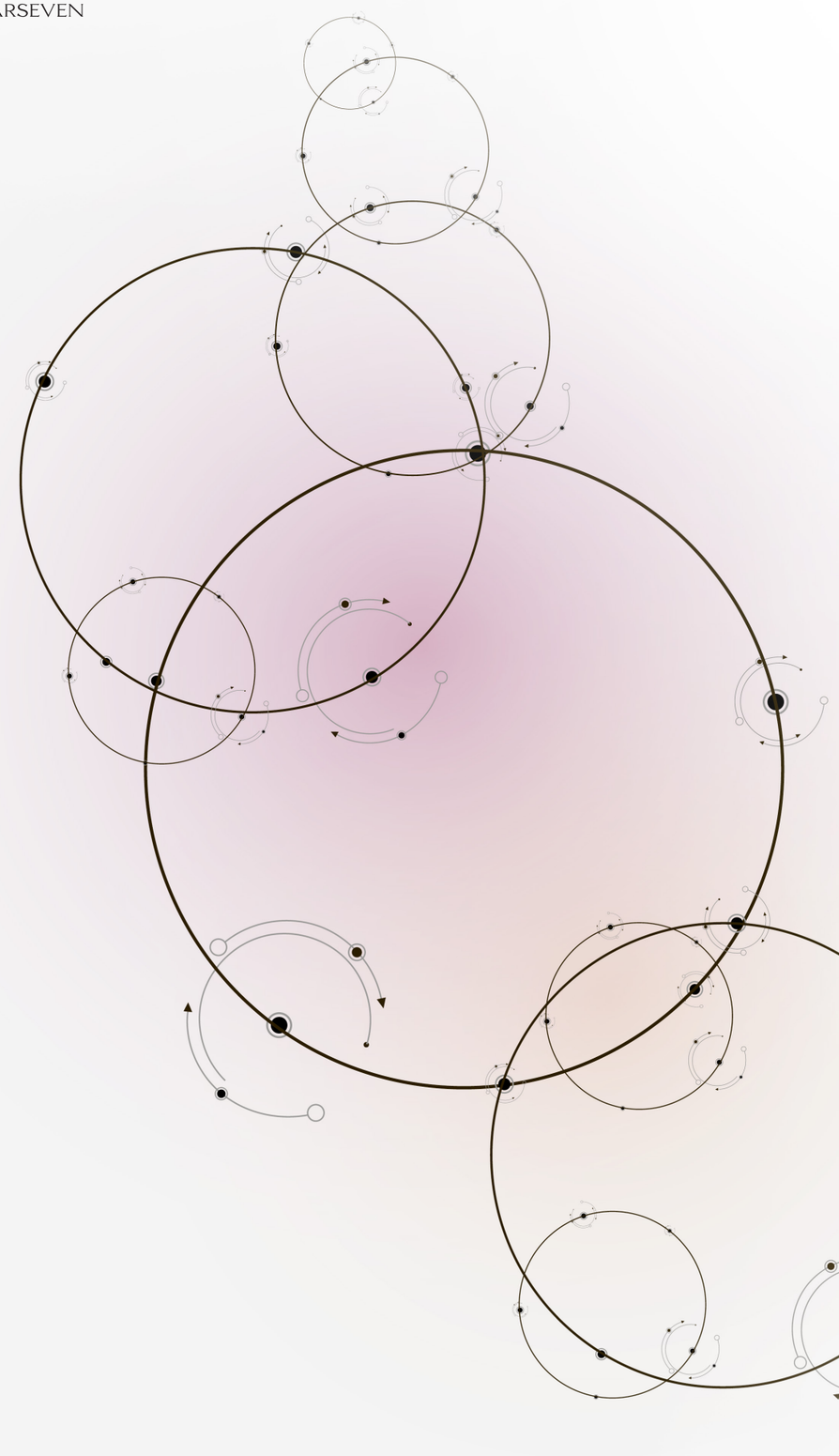
Another requirement is that third parties must know that these elements and means are sufficient to implement the invention and will be used for that purpose. However, given the difficulty of proving actual knowledge, this condition can also be deemed satisfied if it can be reasonably established that the third parties should have known.

For the patent holder to prevent the indirect use of the patented invention, the elements and means to be provided to unauthorized persons must not be products that are readily available in the market. An expert in the relevant sector must examine whether the product in question is commonly used and widely available on the market.

Finally, a contentious issue in the doctrine is whether there must be an existing end-use and a directly infringing act for the prevention of the indirect use of the invention. Preventing the trade of products owned by an individual to avert potential infringement, even before a patent violation is established, could be interpreted as an interference with the constitutionally protected right to property.

In a case law review, it is evident that there is no established practice regarding this article, which has found very limited application. In 2024, a request for evidence preservation, made in connection with a lawsuit alleging indirect infringement, was accepted on the grounds of legal interest, despite the lack of detailed information and arguments provided in support of the request.





VII. Recent Court Decision On The Bolar Exception In Requests For Discovery Of Evidence

Although the protection period for patent rights under our law is set at 20 years, in practice, original pharmaceutical companies can economically benefit from their patent rights for only about half of this duration. This is because patent applications are typically filed during the preclinical research phase. By the time the clinical research phase is completed and the necessary procedures, such as licensing, sales authorization, price approval, and inclusion in reimbursement lists, are finalized for a drug to enter the market, nearly half of the patent protection period has usually elapsed.

Additionally, once the patent protection period expires, generic drug manufacturers enter the market, and the price of the patented drug is reduced by 40% by the Ministry of Health. As a result, the patent holder experiences significant market and revenue losses.

It is of great importance that pharmaceutical companies holding patents have access to the necessary legal means to obtain information and make determinations regarding a product that is about to enter the market and may constitute an infringement, while the limited-term patent protection is still in effect.

As is known, licensed drugs and their accompanying Summary of Product Characteristics (“SmPC”) and Patient Information Leaflet (“PIL”) documents are published by the Ministry of Health. In this context, original and patent-owning pharmaceutical manufacturers can identify generic drug manufacturers’ licensed products that may constitute patent infringement by monitoring these documents.

However, based on the scope of patent protection, SmPC or PIL documents do not always provide sufficient data for evaluating and preparing for a potential infringement. In such cases, it may be necessary to examine the licensing file to obtain additional technical information.

Determination of Evidence and the Bolar Exemption

Determination of evidence, as regulated under Article 400 of the Code of Civil Procedure No. 6100 (“CCP”), allows for the determination of facts that may be presented in a pending case where examination has not yet commenced or in a future lawsuit. Within the scope of the determination of evidence, actions such as on-site inspections, expert evaluations, and the collection of witness statements may be requested. The existence of a legal interest is a prerequisite for requesting the determination of evidence.

In this context, the examination of the licensing file at the Ministry of Health as part of preparations for a potential future patent infringement lawsuit appears to be possible through the determination of evidence. However, the broad interpretation of the Bolar exemption by the courts, which significantly limits the rights of patent holders in asserting their rights over pharmaceutical patents, must be considered at every stage, including during the determination of evidence.

Consistent with the approach in many countries, Article 85/3-c of the Industrial Property Law No. 6769 (“IPL”) excludes trial activities involving a patented invention, including drug licensing and the necessary tests and experiments for such licensing, from the scope of patent rights. This provision allows pharmaceutical companies to use the patented invention for clinical trials, testing, and licensing applications for generic drugs before the expiration of the patent protection period.

The purpose of the Bolar exemption is to allow generic drug manufacturers to test the efficacy and safety of a patented drug, conduct the necessary research, and obtain licensing so that the generic drug can be launched immediately upon the expiration of the patent protection period. Otherwise, if all these processes were to be completed only after the patent period expired, it would take additional time, effectively granting the patent holder protection beyond the patent term.

The Court’s Decision

In 2024, a patent holder, an original pharmaceutical company, requested the determination of evidence to examine the licensing file of a generic drug. The purpose was to identify the technical elements and features of the licensed drug necessary for a future infringement evaluation.

Indeed, upon reviewing the SmPC and PIL documents related to the licensed drug, it was determined that the drug infringed various patents owned by the original pharmaceutical company, including the molecule patent. However, additional technical information from the licensing file was required for some patents. As part of the evidence determination request, it was also noted that the generic drug owner had displayed the name and image of the product, which had not yet been launched, on its website.

The Intellectual and Industrial Rights Court initially accepted the determination of evidence request. However, the license holder against whom the determination was requested filed an objection to the decision within the one-week period provided under Article 402/3 of the CCP.

The court considered several factors in its decision. It noted that the product in question was not yet available on the market and was still undergoing licensing processes. Additionally, it determined that there was no immediate risk of losing the data contained in the licensing file held by the public authority if the evidence was not immediately preserved through the determination. Based on these considerations, the court concluded that there was no legal interest in the evidence discovery request. Consequently, it accepted the objection and overturned the initial determination decision.

Under the CCP, there is no legal remedy available against a decision rejecting the determination of evidence request. Therefore, the rejection decision has become final.

Evaluations

It is well known that the scope of the Bolar exemption is interpreted very broadly by courts, often to the extent that nearly all activities up until the drug's market launch are considered within the exemption's scope. However, when the wording of Article 85/3-c of the IPL is analysed, it becomes clear that any actions undertaken after the completion of the licensing process and the issuance of the drug license fall outside the scope of this exemption and therefore constitute patent infringement. Despite this, due to current practices, it is observed that initiating legal proceedings in the pharmaceutical sector is generally avoided until the generic drug is launched on the market.

In the court's decision referring to the Bolar exemption, there is neither a pending infringement lawsuit against the generic drug owner nor a request for an injunction that would hinder their commercial activities. While the examination of the generic drug owner's licensing file poses no significant harm to them, preparing for a potential infringement lawsuit by the patent holder is particularly important for supporting innovation.

As explained above, the time during which the patent holder can economically benefit from a pharmaceutical patent is limited. Once a generic drug enters the market, its price decreases, and its market share diminishes. Due to the nature of patent disputes, obtaining a preliminary injunction to immediately halt such sales often becomes possible only after an expert examination. As a result, examining the licensing file, obtaining an expert report, and securing a preliminary injunction after the drug has been launched are lengthy processes. During this period, the patent holder will suffer irreparable harm.

On the other hand, it is possible for a generic drug company that has obtained a license to complete processes such as price approval and inclusion in the Social Security Institution ("SSI") reimbursement list within a matter of weeks and enter the market. Since these processes are not publicly disclosed, it is not feasible for the patent holder to monitor them. Therefore, the patent holder must promptly begin the necessary preparations. Moreover, in the specific case, the initiation of the generic drug's promotion on its website not only indicates how imminent its market entry is but also demonstrates that such promotional activities cannot be considered within the scope of the Bolar exemption.

In our opinion, it is clear that the patent holder has a legal interest in at least collecting data to determine whether their patent rights have been infringed. These rights, which are constitutionally protected as a property right, can be assessed without hindering the opposing party's commercial activities. The determination of evidence should be allowed to proceed, taking into account the circumstances of the case, without being strictly limited by the Bolar exemption.

VIII. Recent Court Decision On Granting Preliminary Injunctions In Trademark Disputes Without Actual Sales

Trademark infringement lawsuits often take years to conclude, and the finalization of judgments can take even longer. Until the conclusion of the lawsuit, rights holders may suffer irreparable damages. To prevent the escalation of potential material and moral damages, one of the most effective and critical measures is for rights holders to seek a preliminary injunction as a form temporary legal protection.

However, obtaining preliminary injunctions from courts has become increasingly challenging. Rights holders are now expected to provide evidence exceeding the standard of approximate proof, making it difficult to benefit from the swift and effective protection that such injunctions are intended to provide. In a recent preliminary injunction decision, despite the absence of actual use, the court granted the injunction to mitigate the risk posed by the offering for sale of products bearing the allegedly infringing trademark.

MOROĞLU ARSEVEN

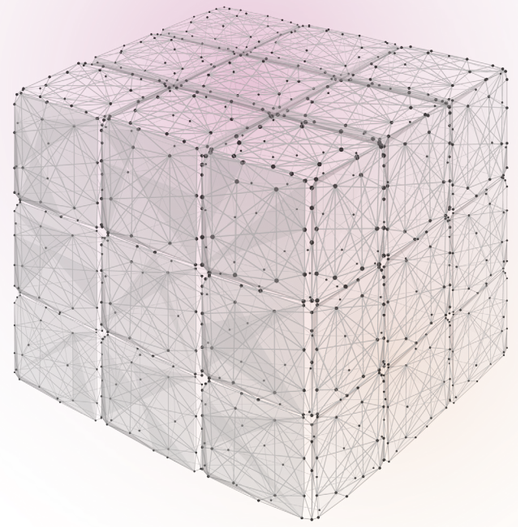
The Preliminary Injunction within the scope of Trademark Infringement

A preliminary injunction is a temporary legal protection mechanism granted based on the assessment that the right claimed by the applicant is supported by strong evidence. In essence, a preliminary injunction request is granted by courts in situations where changes in the current state of affairs could significantly hinder or make it impossible to enforce the right, or where delays could result in irreparable or difficult-to-remedy harm.

Pursuant to Article 159 of the Industrial Property Law ("IPL"), a preliminary injunction may be issued if trademark infringement has already occurred or if serious and active efforts toward committing infringement are underway. Thus, it is necessary to demonstrate, in a concrete manner, the existence of an act overlapping with the infringement scenarios outlined in Article 29 of the IPL. If this is not possible, it must be proven that serious and effective efforts are being made to use the trademark. The term "serious and active effort" refers to concrete actions toward the use of the trademark. Mere expressions of intent or declarations of thought are deemed insufficient to prove serious and active efforts. Courts require tangible and credible steps to establish the likelihood of imminent infringement for a preliminary injunction to be granted.

To grant a preliminary injunction, the risk of infringement must exceed the level of mere possibility and constitute a close and serious threat. Additionally, this threat must be supported by concrete evidence of the intent of the party against whom the injunction is sought. Actions such as conducting advertising activities, participating in trade fairs, sending commercial offers to potential customers, or placing orders with suppliers are examples that are generally accepted in legal doctrine as serious and active efforts.

If sufficient evidence and approximate proof establish the existence of a risk of trademark infringement and the undertaking of serious and active efforts, a preliminary injunction is issued to ensure the effectiveness of the judgment to be rendered.



A Recent Court Decision

In the dispute at hand, the plaintiff is the holder of a three-dimensional trademark registration for packaging. The defendant, operating abroad, sent an email titled “New Season Products” to the plaintiff’s customer portfolio, informing them that a product with packaging bearing a high degree of similarity to the plaintiff’s registered 3D trademark would be launched within a month. Although the product was not detected on the market after the specified period, it was found that the defendant had featured the product on their website, and this was documented through an e-detection report. In the lawsuit filed on the grounds of trademark infringement and unfair competition, the plaintiff requested a preliminary injunction to prevent the use of the disputed packaging design.

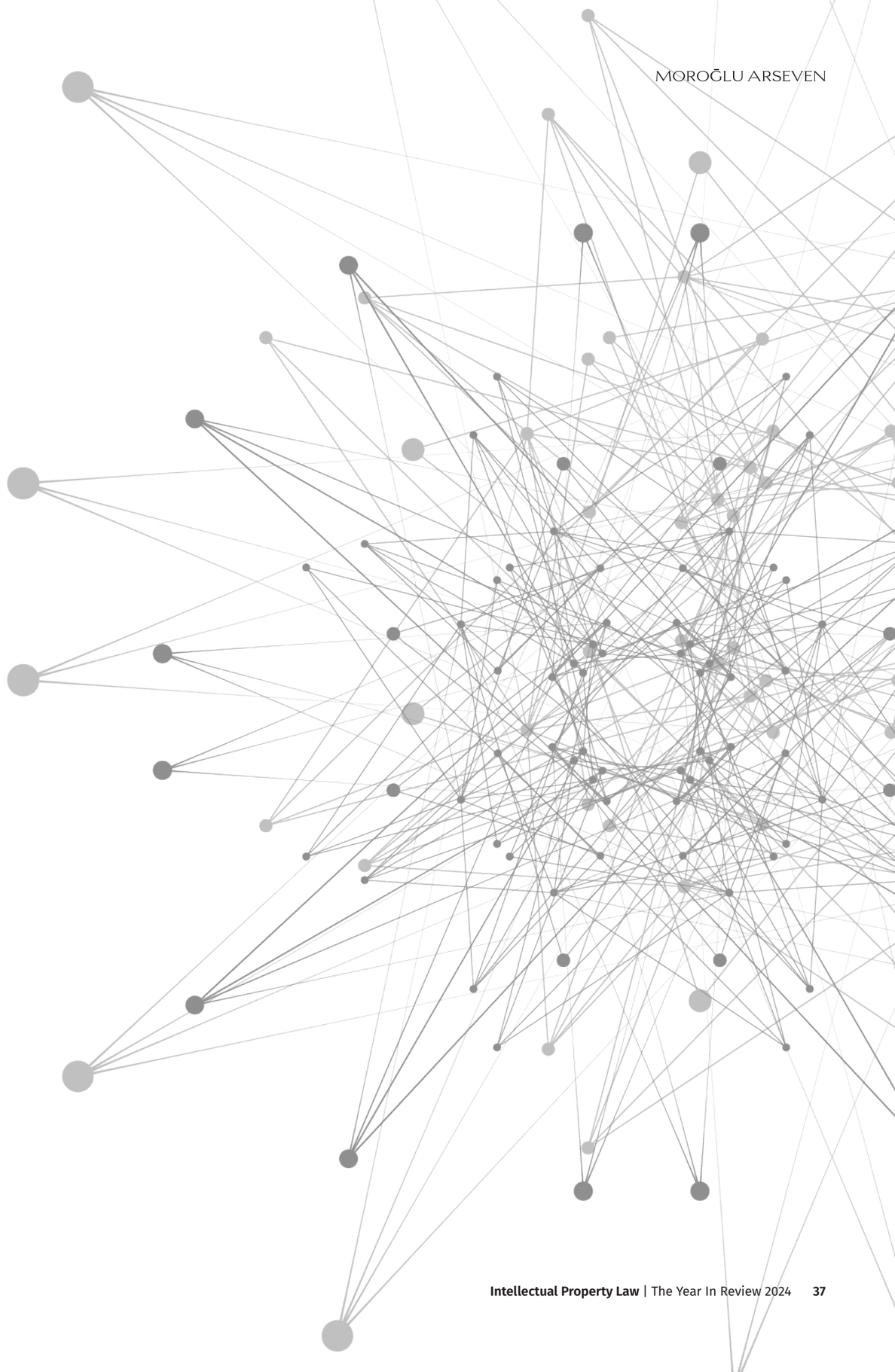
Before reviewing the preliminary injunction request, the court decided to refer the case to an expert panel. The expert report concluded that the product featured in the email and on the defendant’s, website was likely to create confusion. However, it was also determined that all content related to the product had been removed from the defendant’s website.

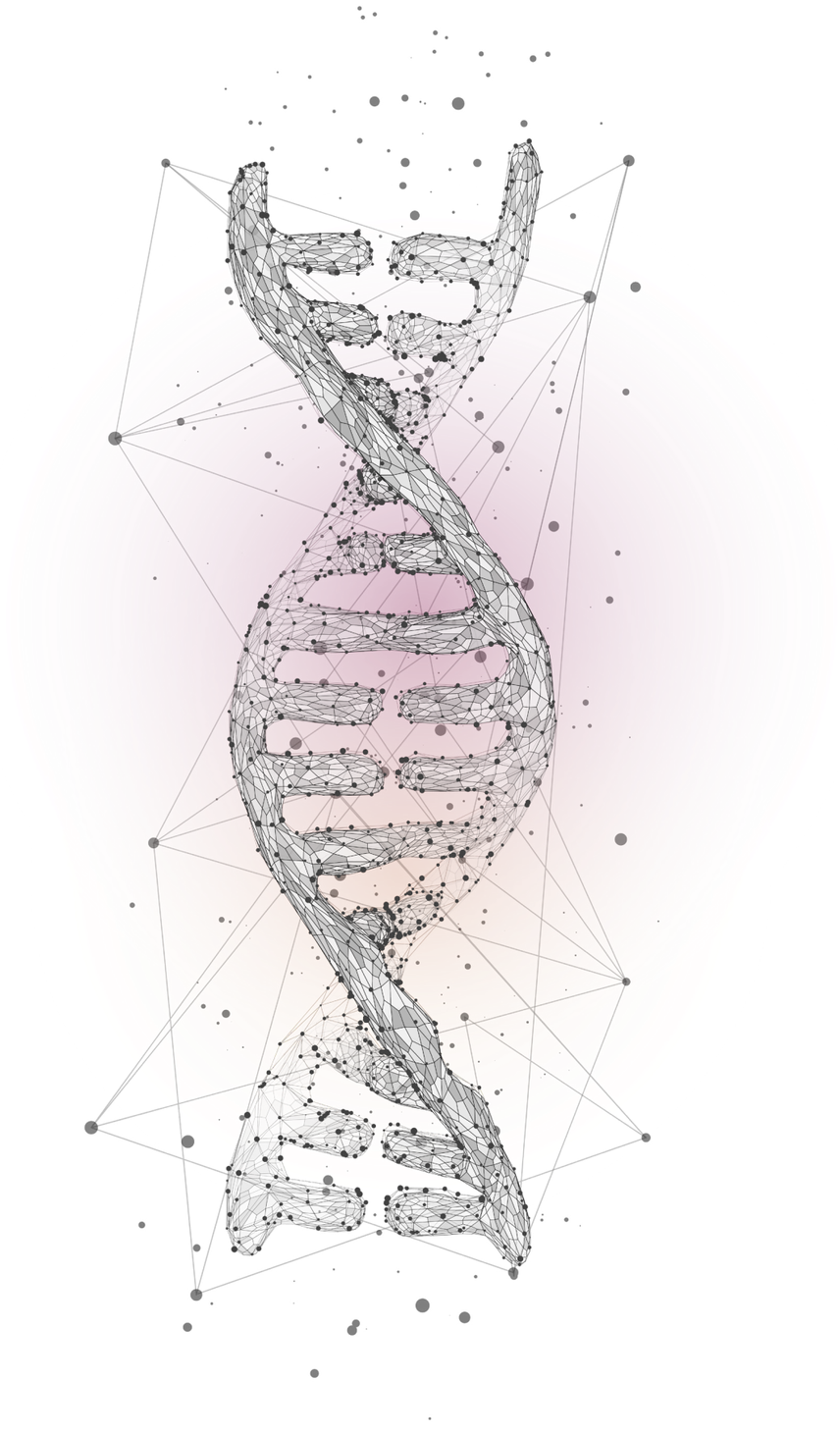
In its evaluation, the court, based on the expert report, decided to grant the preliminary injunction request subject to the provision of a security deposit. During the enforcement of the injunction, hundreds of products identified in the workplace storage facility were seized, preventing their release into the market.

Although it could not be proven at the time of the lawsuit that the defendant had manufactured or marketed the disputed products, the court’s recognition of the defendant’s email offering the product for sale and initiating its promotion as “serious and active effort” within the scope of Article 159 of the IPL is commendable. Indeed, under a contrary interpretation, the products seized as part of the injunction could have been released to the market, inevitably causing damage to the plaintiff. The preliminary injunction ensured the primary objective of **the implementation of preliminary** injunction—maintaining the effectiveness of the final judgment—and prevented harm to the rights holder at the outset of the case.

The development of judicial practice in this direction and the adoption of broader interpretations by courts in evaluating preliminary injunction requests, based on the specific circumstances of each case, are significant for the protection of rights holders.

MOROĞLU ARSEVEN





IX. Pharmaceutical Counterfeiting And Türkiye’s Role In Combating It

The trade in counterfeit medicines is a rapidly growing global market, estimated to be worth between $200 billion and $400 billion, and is considered one of the most profitable criminal activities. The counterfeit pharmaceutical market has grown so rapidly that, according to World Health Organization (“WHO”) data, one in ten medicines in low- and middle-income countries is reported to be counterfeit. This market targets not only medicines that are economically inaccessible but also a wide range of products, including those that are difficult to obtain or popular under specific conditions. For example, highly sought-after products such as certain diabetes medications touted as miraculous for weight loss, high-priced cancer drugs, off-label hormone use, and painkillers are among the most commonly counterfeited medicines on the market.

Within the general concept of counterfeit products, counterfeit drugs are also defined a medication unlawfully bearing a registered trademark through imitation of likelihood of confusion. These products are often packaged to resemble the original but typically lack active ingredients, contain excessive or incorrect active substances, or include toxic substances. In this context, counterfeit drugs not only undermine treatment processes but also pose significant life-threatening risks to patients. Beyond these individual risks, the widespread use of counterfeit antibiotics fosters antimicrobial resistance in the body, creating a global threat to the healthcare system.

MOROĞLU ARSEVEN

Türkiye's Role in Combating Counterfeit Medicines and the Current Situation

Geographically, Türkiye serves as a bridge between Europe, Asia, and the Middle East, making it a strategically important location for both the production and distribution of counterfeit products. In the specific context of counterfeit medicines, Türkiye acts as a critical transit point for counterfeit drugs originating primarily from China and India, the leading producers of such products, to reach the European market. According to the WHO, Türkiye is ranked among the top five sources of counterfeit medicines globally, alongside China, Mexico, the United Kingdom, and India. This market, often controlled by organized crime groups, employs various smuggling routes involving land and sea transport to deliver these products to target markets. Historically, these counterfeit medicines were sold through networks with weaker oversight, such as the deep/dark web. However, in recent years, social media has increasingly become a marketplace for these products, offering counterfeit medicines directly to consumers.

In our legal system, pharmaceutical regulation is governed by an extensive legislative framework. Primarily, to ensure that medicines reach end-users effectively and safely, the sale of medicines is permitted only through licensed pharmacies. Within this regulatory framework, it is not difficult to infer that any medicine offered for sale online or through other unauthorized channels is, at best, either smuggled or a product that has exited the legitimate supply chain.

Additionally, since January 1, 2010, the use of barcodes has been mandated for all medicines marketed in Türkiye. Through the Pharmaceutical Track and Trace System ("TTS"), every movement of a barcode-labeled medicine box, from production or importation to its sale, can be tracked. This system aims to enhance the effectiveness of combating counterfeit and smuggled medicines.

In addition to the regulatory rules governing the supply chain, the provisions of the Turkish Criminal Code, the Anti-Smuggling Law, and the Industrial Property Law also find application in addressing counterfeit medicines.

Under the Turkish Criminal Code, crimes against public health include the trade of adulterated or altered food or medicines, as well as the production or sale of medicines in a manner that endangers human life and health. In both offenses, the protected value is public health, and the condition for the crime to materialize is that the products in question pose a health risk. Therefore, not every product defined as a counterfeit medicine in this context can serve as grounds for criminal liability under these provisions unless it is harmful to health.

At this point, the crime of trademark infringement under the Industrial Property Law gains importance. According to the relevant provisions, acts such as manufacturing goods or providing services by imitating or creating confusion with another's trademark, offering them for sale, selling, importing, exporting, purchasing, possessing, transporting, or storing them for commercial purposes are defined as criminal offenses. As a result, in any case involving a counterfeit product, the criminal provisions concerning trademark infringement may be applicable.

In practice, combating counterfeiting under the Industrial Property Law also presents challenges. First, the crime of trademark infringement is a complaint-based action, requiring the involvement of the rights holder. In other words, authorities encountering counterfeit medicines do not have the authority to take ex officio action under trademark infringement provisions. As a result, the process must be initiated and carried out by the rights holder, who is also responsible for gathering evidence before filing a complaint. Counterfeiting in the pharmaceutical sector is a particularly hazardous area due to the significantly higher profits compared to other counterfeit industries. During the evidence collection phase, actions such as purchasing sample products often necessitate direct contact with these dangerous parties, further complicating enforcement efforts.

Moreover, the requirement of reasonable suspicion for search and seizure orders is often subject to entirely subjective evaluations, particularly by the Criminal Judgeships of Peace. In addition, the necessity of documentation such as receipts or invoices—often unattainable in cases involving counterfeit medicines—further complicates enforcement. When these challenges are combined with the fact that counterfeit medicines are frequently stored in residential properties or premises disguised as residential addresses, the provisions related to the crime of trademark infringement become almost ineffective in combating counterfeit medicines.

In this context, although a legal framework exists, practical challenges significantly reduce the effectiveness of the processes. Indeed, shortcomings in implementation regarding our country have also been highlighted in the European Council's Türkiye Report 2024, as follows:

"Regarding judicial proceedings, although the law provides higher penalties, criminal courts rarely impose deterrent fines for industrial property infringements on a commercial scale. Inefficient legal processes, including those at appellate courts, remain unresolved. Challenges and inconsistencies exist in obtaining preliminary injunctions, adjudicating claims for monetary damages, addressing storage and destruction issues, managing the financial burdens related to storing counterfeit goods, and the excessive reliance on expert reports. Despite strong evidence of counterfeiting provided by rights holders, difficulties persist in obtaining search and seizure orders"

It should also be noted that actions based on the Anti-Smuggling Law are carried out much more effectively when counterfeit or original medicines are smuggled into the country. However, despite the potential to achieve far more effective results through parallel processes based on trademark infringement alongside smuggling prosecutions, the limited communication between public institutions and stakeholders, as well as the particularly reserved approach of law enforcement in matters of cooperation, significantly hampers the effectiveness of these efforts.

In addition to the aforementioned challenges, the Turkish Medicines and Medical Devices Agency ("TMMDA") is undertaking significant efforts to enhance cooperation among stakeholders and strengthen the fight against both counterfeit medicines and those that have exited the legal supply chain.

In Türkiye, TMMDA is the authorized body responsible for determining the procedures and principles regarding the licensing, production, storage, sale, import, export, marketing, distribution, provision, recall, and use of medicines. It is also tasked with conducting or commissioning laboratory analyses, granting permissions to public and private legal entities as well as individuals to carry out these activities, supervising them, and imposing sanctions when necessary.

Under the Guideline on Counterfeit, Smuggled, or Medicines Outside the Legal Supply Chain published by TMMDA, all suspected counterfeit or smuggled medicines are required to be reported to the Agency following specific procedures. This obligation applies to marketing authorization holders, pharmaceutical warehouses, pharmacies, hospitals, drug manufacturing facilities, physicians, healthcare personnel, provincial health directorates, the Ministry and its departments, and even patients. Judicial and administrative actions are carried out concerning suspicious products and related parties reported to the TMMDA through various channels.

Recommendations and Conclusion

Counterfeit medicines pose a significant risk to public health and place a heavy burden on Türkiye's economy. According to the WHO, countries spend approximately $30.5 billion annually to combat counterfeit medicines. For Türkiye to be effective in addressing this global issue, it is crucial to enforce the existing legal framework decisively and to develop a comprehensive strategy.

At the heart of this effort lies the implementation of deterrent penalties. To uphold the rule of law and enhance the deterrent effect against these offenses, enforcement authorities must take stronger action against industrial property violations. This will not only constrain the operational scope of criminal networks but also increase the impact and efficiency of legal processes related to counterfeit medicines.

Considering the global scale of counterfeit medicines, enhancing international cooperation is a critical step for Türkiye. Collaborating with other countries and international organizations to conduct joint operations will provide a deeper understanding of the sources of the issue and enable the development of effective solutions.

Another key aspect of the fight is raising awareness among the public and stakeholders. Educating society about the public health, safety, legal, and economic implications of counterfeit medicines is vital. Healthcare professionals, pharmaceutical companies, and consumers must recognize that this issue poses not only an individual but also a societal threat.

To prevent counterfeit medicines in transit and export processes, customs inspections must be improved. Increasing training for customs personnel can make monitoring mechanisms more effective. Additionally, employing technologies like blockchain to enhance transparency in supply chains can facilitate the identification of counterfeit medicines during production and distribution.

In conclusion, combating counterfeit medicines requires a multi-faceted approach and strong coordination. Addressing this issue necessitates the effective enforcement of the legal framework, strengthening international cooperation, raising public awareness, and the active use of technology. Furthermore, patients, doctors, pharmacies, and other stakeholders must play an active role in this process by reporting counterfeit medicines whenever encountered. Only through such collective efforts can the threats posed to public health and the national economy by counterfeit medicines be effectively countered.

X. Requirement Of Genuine Use Of A Prior Trademark In The Context Of Acquired Rights: Recent Approaches By Court Of Cassation And Tpto

In trademark law, the concept of acquired rights refers to the superior rights of trademark owners that deserve protection, arising from their earlier registrations. Generally, these acquired rights manifest when trademark owners face justified objections from third parties to their subsequent applications, providing the prior trademark owner with a scope of protection.

In other words, it is inherent in a registered trademark to adapt over time to changes, developments, and the needs of the business while preserving its essential elements and renewing itself as part of a trademark series. In this context, the application of acquired rights allows for the registration of a subsequent trademark that does not aim to derive unfair benefit from the prior one.

Neither the repealed Decree-Law No. 556 (“Decree-Law No. 556”) nor the Industrial Property Law No. 6769 (“IPL"), which came into force on January 10, 2017, provides a definition of the concept of acquired rights.

Although an explicit definition is absent, the concept of acquired rights frequently appears in decisions of the Court of Cassation, where its application is examined based on specific criteria.

A landmark decision of the 11th Civil Chamber of the Court of Cassation, dated September 19, 2008, with reference numbers 2007/7547 E. and 2008/10251 K., in the “ECE LADY/ECE TOF” case, laid down the following conditions for the protection of acquired rights:

- The subsequent application must preserve the essential element of the earlier trademark.
- The subsequent application must cover the same products or product categories included in the earlier trademark registration.
- The earlier trademark must have been registered for a long time and used actively.
- The earlier trademark must not have been the subject of any dispute.
- The subsequent application must not approach or resemble pre-existing trademarks of third parties in a manner that causes a likelihood of confusion or unfair advantage.

The Court of Cassation's approach to the principle that "the earlier trademark and the later trademark must be similar" has been clarified in a significant decision. This principle was shaped by the General Assembly of Civil Chambers in the "İPEKYOL/İPEKYOL" case, dated June 14, 2017, with reference numbers 2017/1729 E. and 2017/1186 K.

In the decision, it was noted that the trademark application No. 2006/06687, İPEKYOLU opposed based on trademark No. 97/008174 IPEKYOL did not contain the figurative element present in trademark No. 2001/12676 

which was cited as the basis for the acquired rights claim.

The court stated that the acquired rights could only be established if the figurative element was included and further held that the trademark could not be considered part of a series, as it was created in a manner likely to cause similarity with trademark No. 97/008174. Consequently, the defendant's claims regarding acquired rights were deemed unfounded.

In line with established precedent, the long-term registration of a trademark is not sufficient to substantiate a claim of acquired rights; in addition, the long-term use of the trademark must also be proven. Indeed, the 2024 decisions of the 11th Civil Chamber of the Court of Cassation concerning acquired rights align with this principle.

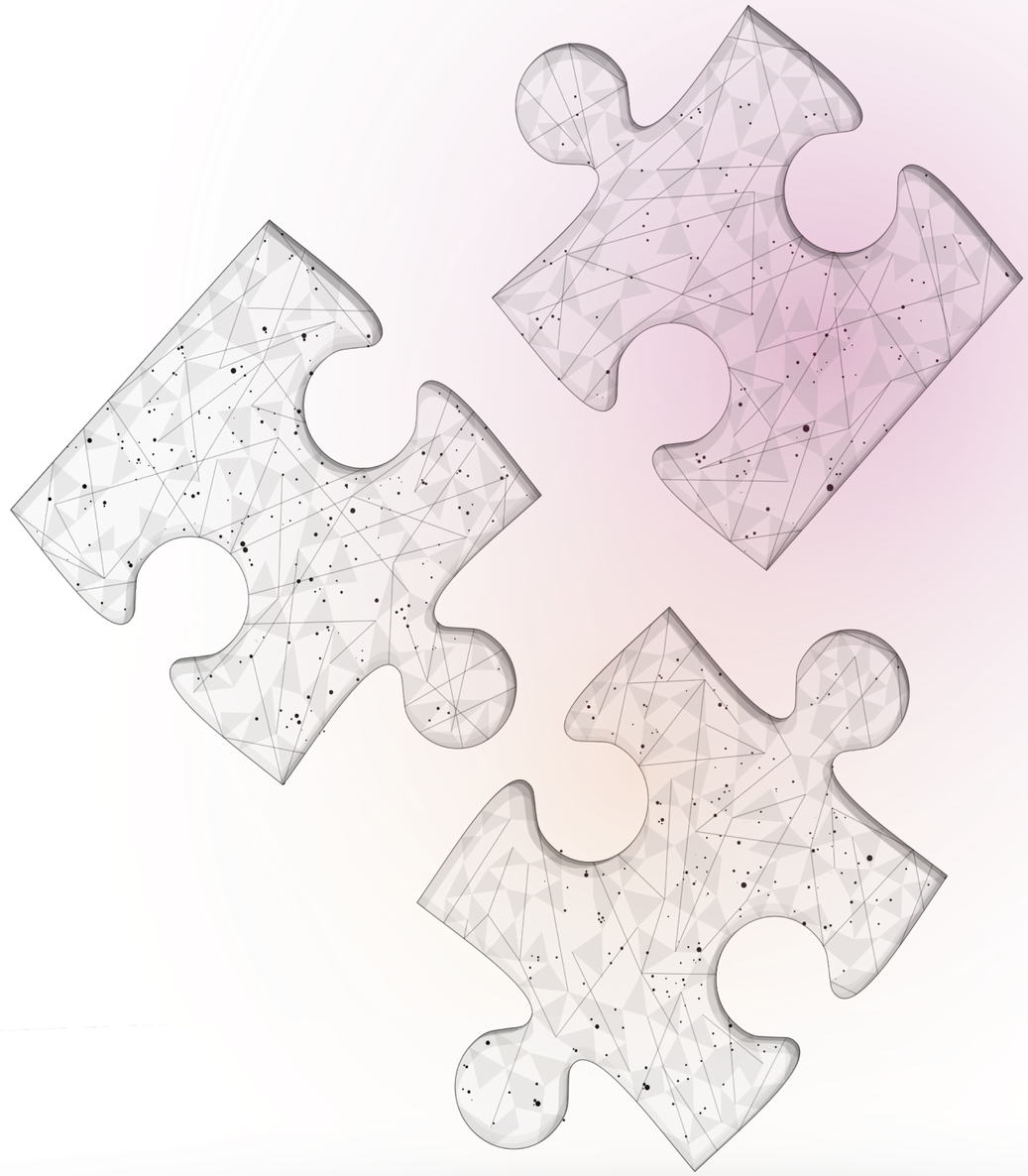
At this stage, the conditions for the existence of acquired rights have been shaped by case law, and the requirement for the prior trademark to be in use has long been considered and applied by the courts. However, this requirement was not explicitly reflected in the TPTO's practice. On the contrary, the TPTO often deemed the long-term registration of a prior trademark (exceeding five years), alongside other conditions, sufficient to establish acquired rights.

Recently, however, the TPTO's decisions demonstrate a shift in approach. It now adopts the Court of Cassation's stance, requiring proof of actual use of the prior trademark, even if it has been registered for more than five years, to establish acquired rights. Furthermore, recent decisions explicitly address this criterion when evaluating claims of acquired rights.

Indeed, it has been observed that the Court of Cassation has developed case law reflecting the view that relying solely on a formal registration to assert acquired rights over a trademark would not align with principles of equity.

From a holistic perspective, it would not be equitable to accept that a trademark, which cannot be relied upon in TPTO objection proceedings or invalidity cases due to a failure to prove its use, could establish acquired rights in another context merely because it has been registered for more than five years.

Whether the TPTO will maintain its recent approach of requiring proof of genuine use of the trademark in line with the Court of Cassation's practice, and whether this application will gain consistency and stability, will become clearer through its implementation in 2025.



XI. Resistance Decision Against Court Of Cassation's Gradual Narrowing Of Concepts Of Well-Known Status And Bad Faith

The concept of a well-known trademark is not explicitly defined either in the repealed Decree Law No. 556 ("Decree-Law No. 556"), which applied to the case discussed in this article, or in the currently effective Industrial Property Law No. 6769 ("IPL"). However, the 11th Civil Chamber of the Court of Cassation defines a well-known trademark as one that is closely associated with an individual or an enterprise through reputation, guarantee, quality, strong advertising, and a widespread distribution system. This definition includes a spontaneous association among people within the same community without distinctions of friend or foe, geographical boundaries, culture, or age differences. A well-known trademark provides its owner protection as grounds for refusal of a trademark application or invalidation of a conflicting registration.

Similarly, bad faith is also not explicitly defined in the legislation. In practice, bad faith in trademark law generally encompasses actions that misuse trademark protection granted through registration, including unfairly benefiting from another party's trademark, filing applications or registrations solely for backup purposes, trademark trading, or extortion, without genuine intent to use the trademark. Additionally, the General Assembly of the Court of Cassation states that bad faith should be evaluated and considered as an obstacle to registration by taking into account the characteristics of each concrete case by referring to the rule of honesty regulated in the Civil Code. With the enactment of the Industrial Property Law, bad faith has been consistently recognized as a ground for invalidation, following the practices established during the Decree Law period, and can be raised at any time.

In recent times, particularly under the guidance of the Court of Cassation precedents, proving the status of being well-known and establishing bad faith have become increasingly challenging issues, with the scope of protection and application narrowing. In such a context, a resistance decision rendered by an intellectual property court in Istanbul, opposing a ruling by the 11th Civil Chamber of the Court of Cassation on well-known status and bad faith, demonstrates that the restrictive evaluation criteria of the supreme court are, at least for now, not fully embraced by specialized courts.

Case Summary

In an ongoing case since 2016, an invalidation action was initiated against the defendant, who had registered the name of a world-renowned, Oscar-winning, late actor as a trademark for products associated with characters portrayed by the actor in his works. The action was brought by a company established in the actor's memory by his family, which owns worldwide registrations and actively uses the trademark across a broad range of products.

Before the trial, it was established through the court that the defendant used the trademark alongside the actor's photographs, creating a direct association between the trademark and the actor. This connection even led to confusion among consumers, as evidenced on social media. Furthermore, the records of the Turkish Patent and Trademark Office ("TPTO") revealed that the defendant had filed trademark applications not only for the trademark in dispute but also for the names and trademarks of many other globally renowned individuals.

Complicating matters, despite the plaintiff company having used the trademark in Türkiye, it did not hold a registered trademark in the country. Additionally, the plaintiff only became aware of the defendant's registration and use approximately six years after the trademark was registered, adding further complexity to the case.

As part of the litigation process, expert evaluations concluded that the disputed trademark, being the name of the actor, possesses an exceptionally distinctive character, so closely tied to the individual that it cannot be associated with any specific category of goods. It was further determined that the plaintiff's trademark is protected across a wide geographical area through registrations and that the actor is recognized by relevant circles in Türkiye. Additionally, the plaintiff's trademark was deemed a well-known trademark under the Paris Convention, warranting protection. The defendant's use of the mark was found to establish an association with the actor, thereby exploiting the actor's fame. Consequently, the defendant's actions were assessed as being in bad faith.

After nearly a year of litigation, the Court of First Instance concluded that the disputed trademark was a well-known mark. The court determined that the defendant had registered the mark in bad faith, unfairly benefiting from the reputation of the plaintiff's trademark. Consequently, the court ruled to invalidate the trademark registered in the defendant's name. The defendant's appeal, based on claims of loss of rights due to acquiescence and the assertion that the trademark in question had become well-known in Türkiye as a result of the defendant's activities, was rejected by the Istanbul Regional Court of Justice. Subsequently, the defendant brought the case before the Court of Cassation on the same grounds.

The Court of Cassation's Overturn Decision

The 11th Civil Chamber of the Court of Cassation initially noted that the plaintiff has been the registered owner of the trademark worldwide since the 1980s. However, it stated that due to the principle of territoriality, the trademark could not be protected in Türkiye without registration in the country. Regarding bad faith, the Court defined it as applying for or registering a trademark contrary to the principle of good faith, knowing that one is not the rightful owner. The Court further emphasized that a person who knowingly applies for or registers a trademark that they are not entitled to is considered to have acted in bad faith.

Subsequently, the Court assessed the case at hand and determined that the criteria for fame had been met concerning the actor but that the actor's fame could not extend to the trademark itself. The Court further noted that even if the trademark were considered well-known, the mere registration of an identical or similar mark would not, in itself, suffice to establish bad faith. It concluded that no additional evidence indicating bad faith was present in the case and that the defendant had used and advertised the trademark. On these grounds, the Court overturned the First Instance Court's decision.

In its decision, the Court of Cassation acknowledged the plaintiff's rightful ownership of the trademark by recognizing its source and its approximately 40 years of registration. It also clearly defined the boundaries of bad faith. However, in a manner that contradicts its reasoning, the Court ruled that registering an identical trademark derived from the name of a globally renowned actor—whose fame and recognition have been established through registrations and usage in Türkiye and worldwide—did not constitute bad faith. Furthermore, it considered the use of the actor's photographs in a manner that created an association with the trademark as merely "advertising activity."

The assessment regarding the relationship between the individual and the trademark was used solely as reasoning for the annulment but, unfortunately, was not substantiated within the overall decision. In our view, regardless of the specifics of the case at hand, the attempt by a third party to use a name that has gained fame in a specific field as a trademark in that same field, alongside its existing usage, inherently constitutes evidence of the trademark's well-known status.

Indeed, the annulment decision in question was reached by a majority vote. However, the president of the 11th Civil Chamber expressed dissent through a written dissenting opinion, arguing that under the current circumstances, it should now be required to prove that the disputed trademark was selected by the defendant coincidentally.

Following the Court of Cassation's decision, which, despite being concise, is expected to spark extensive debate, the case file was remanded to the First Instance Court.

First Instance Court's Resistance Decision

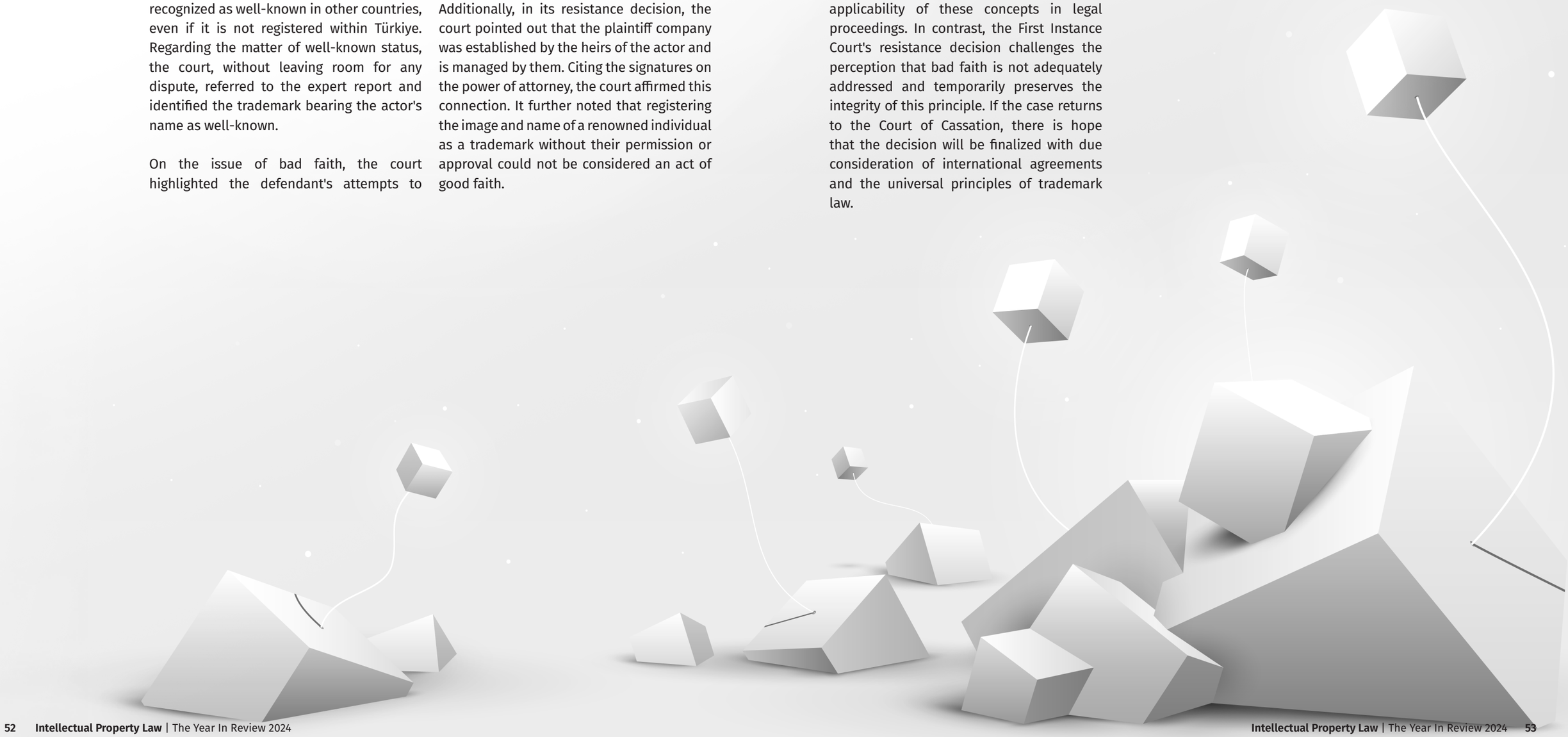
At the first hearing upon the return of the file, the First Instance Court issued a resistance decision, providing detailed reasoning in support of its prior ruling.

The court initially emphasized Türkiye's obligation under the Paris Convention and the TRIPS Agreement to protect a trademark recognized as well-known in other countries, even if it is not registered within Türkiye. Regarding the matter of well-known status, the court, without leaving room for any dispute, referred to the expert report and identified the trademark bearing the actor's name as well-known.

On the issue of bad faith, the court highlighted the defendant's attempts to register trademarks of other famous names and brands. It described the defendant's registration of the trademark under their name—despite the plaintiff's long-standing registrations and without any compelling necessity—as well as its use on products associated with the actor, as an attempt to exploit the reputation of the trademark. Additionally, in its resistance decision, the court pointed out that the plaintiff company was established by the heirs of the actor and is managed by them. Citing the signatures on the power of attorney, the court affirmed this connection. It further noted that registering the image and name of a renowned individual as a trademark without their permission or approval could not be considered an act of good faith.

Conclusion

The First Instance Court's resistance decision in response to the Court's reversal provides a significant example of how the concepts of well-known trademarks and bad faith should be applied. The Court of Cassation's increasingly narrow perspective in recent years, which imposes an excessive burden of proof on plaintiffs, has limited the practical applicability of these concepts in legal proceedings. In contrast, the First Instance Court's resistance decision challenges the perception that bad faith is not adequately addressed and temporarily preserves the integrity of this principle. If the case returns to the Court of Cassation, there is hope that the decision will be finalized with due consideration of international agreements and the universal principles of trademark law.



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