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## Q245

### Taking unfair advantage of trademarks: parasitism and free riding

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#### I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

yes

Please comment:

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

Please comment:

The case of taking unfair advantage from the reputation of a trademark through using an identical or similar trademark with another trademark without the permission of the right owner falls within the scope of the protection provided by Turkish Commercial Code through Unfair Competition provisions since the act of "*taking measures to create confusion with others' businesses, business products or activities*" is stated as a form of unfair competition therein. It should be noted that the criteria of likelihood of confusion is sought as a requirement of enjoying the protection arising from Unfair Competition provisions unlike the definition given in the Working Guideline, whereas the trademark may not necessarily be deemed to be well-known as a requirement to enjoy the protection.

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2) What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

This protection is called “taking unfair advantage” in statutory law.

Although it is not explicitly worded as “dilution” under statutory law, “taking unfair advantage”, “being detrimental to the reputation” or “distinctive character” of a registered well-known trademark are designated as grounds for protection

3) If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

While registered trademarks are protected pursuant to the provisions of the Decree-Law no. 556 pertaining to the trademark protection<sup>[1]</sup> and Turkish Commercial Code no. 6102, unregistered trademark may only enjoy the protection provided by the Unfair Competition provisions of Turkish Commercial Code.

#### Footnotes

1. <sup>^</sup> You may reach the English translation of the Decree-Law no. 556 pertaining to the trademark protection via [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=129927](http://www.wipo.int/wipolex/en/text.jsp?file_id=129927)[[http://www.wipo.int/wipolex/en/text.jsp?file\\_id=129927](http://www.wipo.int/wipolex/en/text.jsp?file_id=129927)]

4) What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

The elements for action are as follows;

- Earlier trademark application and/or registration requirement (when trademark law is applicable): it can be proven by the submission of the application receipt or certificate of trademark registration.
- Reputation in the trademark: it can be proven by evidences, including but not limited to, sales figures, advertisements, invoices, acquaintances, surveys etc. attesting reputation of the trademark.
- Establishment of a possible link or association with the trademark: it can be proven by establishing the relationship/connection between the signs and goods and/or services of the trademarks in question.
- Potential future advantage (Except Infringement cases): it can be proven by establishing the relationship/connection between the signs and goods and/or services of the trademarks in question.

- Actual Advantage (Infringement cases): it can be proven by evidences, including but not limited to, sales figures, advertisements, invoices, acquaintances, surveys etc. attesting reputation of the trademark.

5) Further to question 4):

a) what degree of reputation, if any, in the trademark is required?

Yes. The trademark must be recognized if not by all but by a significant part of the relevant public in terms of both number of people and geographical regions, districts.

b) who bears the burden of proof regarding the requirements?

The burden of proof lies on the party claiming the existence of "taking unfair advantage".

c) must the use at issue cause confusion?

no

Please comment:

d) can the protection be invoked in case of both similar and dissimilar goods/services?

yes

Please comment:

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

No.

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

Yes, the defendant may put forward the lack of reputation, link/association between the trademarks in question, the potential future (except the Infringement cases) and actual advantage (Infringement cases) as a defence.

On the other hand, a well-known trademark owner cannot prevent a third party's right to use his name and address as well as information in relation to the kind, quality, quantity, intended purpose, value, geographical origin, time of production of the goods and/or time of rendering of the services, provided that such use is made in accordance with proper practice in industrial or commercial matters. Accordingly, this may well be another defense to the extent that the above-stated conditions are met. However, this clause does not provide a thorough protection as much as a 'due cause' clause.

Moreover, even though there is no specific regulation with regard to an acquiescence[<http://turreng.com/search/acquiescence>] period, the court may reject the claim of infringement of the plaintiff in case the trademark owner remained silent for a very long period of time against a trademark use since the institution of a court action may be deemed as an abuse of right and

lead to the forfeiture of the right due to the silence according to the case law of the Supreme Court. This time period is to be determined and evaluated on case-by-case basis. (e.g 5 years or 10 years)

Accordingly, the infringement claim of the plaintiff may be rejected where the trademark right owner (plaintiff) is aware of the infringing use or shall be aware of such use, however remained silent for a long period of time. Meanwhile, the trademark user is required to be in good faith, in the contrary case there is no time limit to institute a court action against a bad-faith user.

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

Burden of proof in relation to any defences and/or limitations lies on the claimant.

Meanwhile, it should be noted that the "due cause" claim is not available in Turkish Trademark Law Practice.

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

A free rider may use the trademark provided that the use of the indication falls within the scope of honest practice in industrial or commercial matters, as long as use is made through:

- indicating his name and/or address
- indicating the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the services, or other characteristics of the goods or services

On the other hand, a third party can not obtain a separate trademark protection in respect of the goods and/or services in respect of which the free rider is using the trademark.

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

b) court in other proceedings;

yes

if so what other proceedings (e.g. criminal proceedings):

Yes, the protection may also be invoked in criminal proceedings, in case the registered trademark owner instituted criminal proceedings on grounds of trademark infringement.

c)	opposition proceedings;
	yes
	Please comment:

d)	any other?
	no
	Please comment:

10)	If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.
	In case of an institution of an infringement action, the law requires the well-known trademark to be registered.

## II Policy considerations and proposals for improvements of the current law

11)	Should there be protection against:
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a)	the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or
	yes
	Why?:
	Yes. Protection against taking unfair advantage of trademarks as defined in these Working Guidelines is required <b>i)</b> to encourage the market to create new well-known trademarks, <b>ii)</b> to protect investments of the owner of well-known trademarks, <b>iii)</b> to restrain and control unauthorized use of trademarks, <b>iv)</b> to protect consumers against getting confused by unauthorized use of third parties and <b>v)</b> to prevent unjust enrichment of unauthorized users.

b)	use that is similar but outside the scope of the definition in these Working Guidelines?
	yes
	Why?:
	The scope of protection against taking unfair advantage of trademarks should be evolved as much as possible in order to protect the rights of current and future well-known trademark holders to encourage them to make further investments to enrich the market.
	It is to be noted that each single "use" which is outside the scope of the definition in these Working Guidelines should be evaluated according to its own conditions.

12)	Is the basis for protection or the cause of action relevant?
	yes
	Why?:
	The wording of the Decree Law No. 556 explicitly grants the well-known trademark owner the right to prevent a third party from using the trademark where the use would take unfair advantage of the reputation of the well-known trademark.
	There is no requirement to prove likelihood of confusion. Therefore, Turkish legislation provides a broad protection against free riding.

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

yes

Why?:

Yes. Since the transfer of information made available far faster when compared to the past times as a result of the improvement and extension of mass media, trademarks may reach the consumers faster which results in acquiring the well-known status before consumers rapidly.

Since the well-known trademark owners requires separate application budgets for registering their trademarks in every country and they may not afford the same which is a necessity to protect their well-known trademarks, this may result in failure to take action to protect their trademarks on time.

This may lead the genuine right owner to (i) fail to register the trademark on time or (ii) take action against the trademark owners who are registered the trademark in bad-faith in the administrative phase on time. Therefore, the only option remaining is the institution of an action before courts.

Accordingly, the option to take action against the third persons who are interested in taking unfair advantage of the well-known trademark shall be made possible to the well-known trademark owner boths in the administrative phase and before the courts who has reached their trademarks to the well-known status rapidly.

Therefore, i) it should be accepted that as a result of the improvement and extension of mass media the reputation of the trademarks grows far faster than the past times and ii) in all jurisdictions the option to take both legal and criminal actions shall be made available to the current and future well-known trademark owners before the administrative institutions and before the courts in order to motivate their investments.

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

According to Turkish Law, in order to take action against taking unfair advantage, the well-known trademark in question shall be applied and/or registered earlier than the infringing trademark. This is the natural consequence of the principle of first-to-file. It should be borne in mind that the infringing party may not always be the actual right holder. Administrative authorities and/or courts cannot grant protection against dilution unless earlier registration and/or application requirement is met. Unfair Competition Law per se cannot overcome this problem either. The actual right holder of the well-known trademark may indeed file a declaratory action to safeguard his trade mark; however this may be time consuming. Hence, an amendment is a must taking into account that trademarks may become well-known all of a sudden due to the rapidly developing technology (i.e. Facebook, Twitter as opposed to long-term trademarks such as Louis Vuitton).

The Decree Law No. 556 does not include the "without due cause" clause in case of taking unfair

advantage of trademarks. Therefore, due causes shall be made accurate.

### III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

Yes. In today's world, by means of the improved and extended communication technologies and the acceleration of transfer of information, trademarks may reach the well-known status rapidly even outside the countries they are in use.

This fact leads to an increase in the rate of the unjust and in bad-faith actions of the third persons as well as the numbers of the well-known trademarks and expand the geographical boundaries that the well-known trademarks faces such risks.

Providing different types of protection to the well-known trademark owners in different jurisdictions who are facing the risk of encountering actions of taking unfair advantage all over the world, shall pose an obstacle to the effective use of the well-known trademark by the genuine right owner. This will damage the image and the reputation of the trademark owner who has improved their trademarks with effective investments and also may lead the well-known trademark owner to lose interest on creating fresh trademarks since they were unable to protect their current trademarks effectively.

In order to protect the investments of the well-known trademark owners and motivate the market to create new well-known trademarks, the protection against the third persons who are in charge of taking unfair advantage of the well-known trademarks shall be harmonized and the well-known trademark owners shall enjoy predictable, transparent, effective, equal protection to the broadest extent.

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

Turkish Group's answer to question 11) is yes in respect both of a. and b. and we are of the opinion that such protection should be available everywhere.

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

If so, please provide any definition you consider to be appropriate.:

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

If so, please provide any definition you consider to be appropriate.:

Unfair competition is regulated in the provisions of Article 54 of Turkish Commercial Code no. 6102,

however, in case we suggest a definition for the case of taking unfair advantage of the trademarks, it may be defined as "Taking unfair advantage of other's products, business activities and reputation".

18) What should the basis for protection/cause(s) of action be?

The Decree-Law shall constitute a basis for the protection of well-known registered trademarks, whereas the unfair competition provisions shall constitute a basis for the protection of unregistered trademarks.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be required, and who should bear the burden of proof?

There are no strict boundaries to differentiate the "well-known trademarks", "famous trademark" and "reputed trademarks" from each other in our jurisprudence since there are inconsistent decisions regarding the degree of recognition of famous, well-known and reputed marks. Therefore, even though the trademark enjoys the lowest level of reputation and is solely reputed in its relevant sector which may be deemed as "reputed trademarks", the trademark shall be eligible for protection against dilution in order to provide protection for all levels of reputation.

The burden of proof shall lie on the well known trademark owner in accordance with the general rules of procedural law. However, in case the defendant claims to enjoy a defence/limitation, it shall be a matter of a shifted burden of proof.

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

There are no specific limitations and defences in the decree law, except the third parties' use of a registered trademark in the course of trade with his own name or address, making indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the services, or other characteristics of the goods or services, provided the use is effected in accordance with honest practices in industrial or commercial matters. We consider that no further defences and/or limitations shall be made available, in order not to restrict the protection provided for the well-known trademark owner by the statutory law.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

The defendant shall bear the burden of proof in respect of enjoying defences and/or limitation

22) In what type(s) of proceedings should it be possible to invoke the protection?

The possibility (i) to file oppositions in the administrative phase and (ii) taking legal and criminal actions against the free-rider shall be made available to the trademark owners.



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Summary

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.

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