

General Assembly of Court of Appeal fortifies its stance against bad faith

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- The case involved a trademark application, filed by a local company, which was confusingly similar to a well-known trademark in the same sector
- The General Assembly found that the defendant had failed to present a legitimate defence explaining why it had chosen a sign similar to the well-known mark
- It was evident that the defendant had filed the application in bad faith, as it could not be a mere coincidence

In a recent case, the General Assembly of Civil Chambers of the Turkish Court of Appeal has made a significant ruling regarding the acceptance of bad-faith claims in trademark disputes: if a defendant fails to present a legitimate defence, the filing of an application similar to a well-known trademark is, on its own, sufficient to consider that the application was filed in bad faith.

Background

A local company engaged in the optic sector filed a trademark application that was confusingly similar to the trademark of a well-known manufacturer in the same sector. The earlier rights holder opposed the application, citing:

- the confusing similarity of the trademarks;
- the well-known status of its trademarks in the industry; and
- the bad faith of the applicant.

The Trademark and Patent Office (TPO) partially accepted the opposition based on the confusing similarity of the trademarks. The earlier rights holder then filed a cancellation action seeking the total refusal of the contested application, arguing that the applicant had filed the application in bad faith and that registration of the mark would be detrimental to the well-known status

of the earlier trademarks.

The First Instance Court recognised the legitimacy of the plaintiff's claims. It cancelled the TPO's partially favourable decision and ordered the total refusal of the application, acknowledging the well-known status of the earlier trademarks and the bad faith of the applicant. The Regional Court of Appeal aligned its decision with the ruling of the First Instance Court.

However, the TPO, being a co-defendant of the applicant, appealed the decision before the Court of Appeal. The appeal was accepted on the grounds that the First Instance Court had accepted the well-known status of the plaintiff's trademark without a proper evaluation, and that the bad faith of the defendant had not been proven with definitive evidence. Consequently, the case was sent back to the First Instance Court for a retrial.

The First Instance Court persisted in its initial favourable decision and once again ruled for the total cancellation of the TPO's decision in this case. The TPO then re-appealed, resulting in the file being sent to the General Assembly of the Court of Appeals for a final examination.

Decision

The General Assembly agreed with the reasoning of the First Instance Court and upheld its ruling in favour of the earlier trademark holder, providing a detailed reasoning on the acceptance of bad-faith claims:

- The plaintiff had successfully proven the well-known status of its trademark on the Turkish market based on sufficient evidence. Therefore, the registration of the defendant's confusingly similar trademark would harm the distinctive character of the plaintiff's well-known trademark and allow the defendant to unfairly benefit from its reputation. Consequently, the First Instance Court's decision to accept the well-known status of the plaintiff's trademark and reject the application in its entirety was correct.
- The defendant operated in the same sector as the plaintiff. The defendant had failed to present a legitimate defence explaining why it had chosen a sign similar to the plaintiff's well-known trademark. Thus, it was evident that the defendant had filed the application in bad faith, as it could not be merely a coincidence.

Comment

This decision provides significant guidance for future cases since the rulings of the General Assembly of Civil Chambers of the Courts of Appeal have a unifying effect on conflicting decisions made in similar cases. Previously, the Court of Appeal did not consider that filing an application that was similar to a well-known trademark was sufficient ground to accept a bad-faith claim. However, here the General Assembly concluded that, without further evidence, the fact that the holder of the earlier trademark operates in the same sector is sufficient to establish bad faith if the defendant fails to provide a proper explanation for choosing a sign similar to a well-known trademark. There is a crossover with the Court of Appeal's opinion, which required clear and precise indications to accept bad faith.

The perseverance of the First Instance Court in maintaining its initial decision is noteworthy, as it is uncommon for IP courts to oppose the rulings of the Court of Appeal. The decisions of the General Assembly ultimately carry authority and have substantial influence as precedents for the lower courts.

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