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19 Feb
2020

DERBY case: Court of Appeal overturns lower-court decisions in controversial ruling

Turkey - [Gün + Partners](#)

- **In opposition proceedings, the Court of Appeal has found that there was copyright infringement since the opponent's logo had been copied in the mark applied for**
- **The well-known status of the earlier mark also served as a basis for the decision**
- **Arguably, the court correctly found that the applicant's trademark should not be registered, but erred in its reasoning**

Background

The owner of the DERBY trademark, registered and well known for razor blades, opposed an application for the trademark depicted below for non-metal building materials in Class 19:



The opposition was based on the following arguments:

- likelihood of confusion;
- well-known status of the earlier mark; and
- bad-faith filing.

In addition to its series of DERBY-formative word marks, the opponent is also the owner of a registered trademark dating from 1988, which consists of an almost identical logo:



The opposition was rejected by the Turkish Patent and Trademark Office and the opponent filed an action for the cancellation of the office's final decision.

The IP Court agreed with the office's approach and dismissed the action at the first instance, reasoning as follows:

- There was no likelihood of confusion as the goods covered by the marks were different.
- Even though the opponent's DERBY word mark is well known, the business fields and products of the parties were different. Thus, there was no likelihood that the later trademark would derive unfair benefit from, harm the distinctiveness or damage the reputation of the opponent's mark.

The IP Court made no findings on the bad-faith argument. The District Court did not accept the opponent's appeal and upheld the decision. The matter was finally reviewed by the Court of Appeal upon further appeal.

Court of Appeal decision

The Court of Appeal dismissed the decisions of the lower courts based on copyright infringement and the well-known status of the earlier mark.

The Court of Appeal first stated that the opponent's trademark is well known, as confirmed by the first-instance court, and that both the word 'Derby' and the original 'horse and horse shoe' device of the opponent's well-known trademark had been copied by the applicant. Therefore, the registration of the contested trademark by the applicant would damage the distinctive character of, and derive unfair benefit from, the opponent's trademark due to its well-known status.

Further, the Court of Appeal held that the 'horse and horse shoe' device incorporated in the contested mark was an original device that should be considered as a graphical design and, therefore, should be protected as a copyright work - despite the fact that this argument had not been raised by the plaintiff.

Comment

Arguably, the Court of Appeal was correct in concluding that the applicant's trademark should not be registered, but erred in its reasoning.

While DERBY is a well-known trademark, the authors are of the opinion that the word 'Derby' itself has been diluted in the trademark registry; thus, incorporating the word 'Derby' would not, by itself, be a sign that the applicant's mark would damage the distinctive character of, or derive unfair benefit from, the opponent's trademark due to its well-known status. Therefore, the Court of Appeal's reasoning regarding the well-known status argument is, arguably, inaccurate.

On the other hand, the Turkish trademark law includes copyright infringement among the relative grounds for refusal: "An application for registration of a trademark shall be refused upon the opposition of the right holder [...] of the copyright [...]." However, copyright infringement was not raised or demonstrated by the opponent at any stage of the dispute, and neither the first-instance court nor the District Court mentioned the copyright issue in their decisions.

Given that the relative grounds for refusal shall be taken into account only if they are raised by the right holder, and that the opponent never relied on its copyright in the mark, it seems that the Court of Appeal's conclusion based on the opponent's copyright amounts to an excess of power.

Further, the authors believe that the principle of interdependence may have been applied to the present case. The level of similarity of the trademarks is so high that consumers might confuse the parties' marks, regardless of the goods covered by the application.

Arguably, the applicant's mark should have been refused based primarily on the bad-faith argument. Considering that both the word 'Derby' and the 'horse and horse shoe' device were copied by the applicant, it seems impossible to believe that the applicant was not aware of the opponent's mark.

The case has now been returned to the first-instance court for a retrial in accordance with the Court of Appeal's decision.

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