

Bad faith recognized as grounds for invalidation

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The General Assembly of the Court of Appeals has held that a registered trademark may be invalidated on the grounds of bad faith (Case 2008/11-501E 2008/507, July 16 2008, only recently published).

The case arose out of an action for the invalidation of the trademark RG 512 (and design) on the grounds that it was confusingly similar to the earlier mark RG 512 (and design). The earlier mark was not registered or used in Turkey, but was registered and used in other countries. The claimant sought the invalidation of the later mark based on its prior rights in the RG 512 mark, alleging that the later mark had been registered in bad faith.

The court of first instance held that the claimant's mark was composed of a series of signs with no particular meaning. Therefore, it was no coincidence that the defendant adopted it as a trademark. The court further stated that as the defendant was engaged in the same business as the claimant, it was obliged to act as a prudent merchant and should have been aware of the claimant's trademark. The court thus found that the defendant had clearly acted in bad faith in registering the trademark. Applying the general principles of good faith under Article 2 of the Civil Code, the court concluded that the bad faith of the defendant alone was sufficient to invalidate its trademark. The defendant appealed.

The Court of Appeals overturned the decision of the court of first instance, emphasizing that a registered trademark cannot be invalidated on the grounds of bad faith, as bad faith is not listed in the grounds for invalidation in Article 42 of Decree Law 556. The courts have applied this provision strictly and regarded bad faith as a complementary ground for invalidation which will be examined only once other grounds (eg, the well-known status of the mark in Turkey and the owner's rights in the mark) have been established.

The case eventually came to the General Assembly of the Court of Appeals. The general assembly ruled that the bad faith of the applicant alone should be sufficient to invalidate a registered trademark under Article 2 of the Civil Code; there is no need to establish whether the mark is well known in Turkey. The general assembly reasoned that although the decision of the Court of Appeals complied with Article 42 of the decree, the defendant's trademark should not be protected as it had clearly been registered in bad faith. Consequently, the general assembly concluded that the fact that bad faith is not listed in Article 42 does not mean that it cannot constitute grounds for invalidation. Based on the principles of good faith set forth in Article 2 of the code, the general assembly thus declared that the defendant's trademark was invalid.

The decision has been welcomed by the trademark community, as it should reduce the burden of proof on trademark owners. In particular, foreign trademark owners should no longer have to prove that their marks are well known in Turkey where the bad faith of the counterparty is blatant. It is expected that the principles set forth in the general assembly's decision will be followed by the Turkish courts.