

abusive or unfair. This means that a trade mark owner should always be ready to prove that it does not overprice goods in Russia in comparison with other countries and does not unjustly restrict the importation of genuine goods to Russia. Even a trade mark owner's failure to reply to a permission request from an importer may potentially be considered 'abusive'.

However, trade mark owners have some room for manoeuvre. In the event that parallel imported goods are indeed of low quality, such remedies as seizure and destruction are still part of the tool box. Obtaining high statutory damages awarded by a court is also still possible provided that parallel imports inflict high financial losses and a trade mark owner is able to prove that.

Although the Court's judgment brought an additional level of clarity, over the next few months the situation should become even clearer as we see how judges and law-makers will react to the guidance provided. It is expected that courts will adopt the new approach to parallel import disputes.

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doi:10.1093/jiplp/jpy089

■ Turkish Court of Appeals grants protection to well-known 'JELIBON' trade mark despite its original lack of distinctiveness

Kent Gida Maddeleri San ve Tic AS v Nako Iplik Pazarlama ve Ticaret AS, the decision of the Turkish Court of Appeals numbered E. 2016/2539 K. 2017/4808 and dated 27 September 2017

The Turkish Court of Appeals (CoA) has upheld the first instance IP Court's decision ruling for the invalidation of the 'Nako Jelibon' trade mark covering 'threads' in Class 23, on the basis that the registration would: (i) negatively affect the distinctiveness of the well-known 'Jelibon' trade mark (meaning 'jelly tots/bean' in English), registered for 'food' in Class 30 and used for jelly tots/bean products; and (ii) allow the defendant to gain an unfair advantage due to the well-known status of the 'Jelibon' trade mark. With this decision, the Court of Appeals has confirmed that the registration and use of a well-known trade mark by third parties is not permitted even for different goods, even if the trade mark has a generic origin or meaning.

Legal context

Article 8/4 of the Decree Law numbered 556 concerning the Protection of Trade Marks ('Decree Law') used to rule

that a trade mark application shall be refused upon opposition by an earlier applicant or the owner of registration, if the application would take unfair advantage of or be detrimental to the distinctive character or reputation of the earlier trade mark application or registration, due to the degree of reputation achieved by the earlier sign, even if the application is sought to be registered for different goods and services. This relative refusal ground was also found as an invalidation ground as per Article 42 of the Decree Law.

The Decree Law was repealed and replaced by the Industrial Property Code numbered 6769 (IPC) on 10 January 2017. However, the same provision has been maintained in the IPC as a relative ground for refusal and invalidation under Articles 6/5 and 25, respectively.

Facts

The defendant company, Nako Iplik Pazarlama ve Ticaret A.S. ('Nako Iplik') was the owner of the trade mark, 'Nako Jelibon', registered in 2013 for 'threads' in Class 23. The plaintiff company, Kent Gida Maddeleri San ve Tic AS ('Kent Gida'), the owner of the 'Jelibon' trade mark, registered before the Turkish Patent and Trade Mark Office ('the Office') for 'food' in Class 30 with registrations dating back to 1995, filed a court action against Nako Iplik and requested invalidation of Nako Jelibon on the basis of the well-known status of Jelibon, pursuant to Article 8/4 of the Decree Law.

The plaintiff claimed that it has been using Jelibon in Turkey since 1985, and that it is protected by several registrations in both Turkey and abroad and has become well-known due to its extensive use and associated advertising. Kent Gida argued that Nako Jelibon's trade mark registration, which includes the well-known Jelibon trade mark, results in the reaping of an unfair benefit from the well-known status of Jelibon, and dilutes and harms its distinctiveness. Kent Gida also argued that the defendant used Nako Jelibon with the same typeface and colours of Jelibon, thus reinforcing the similarities between the signs.

The defendant responded by claiming that the main element of Nako Jelibon is the phrase 'Nako', which is well-known in its own right, and its use along with the subsidiary element, 'Jelibon' would not harm the distinctiveness of the plaintiff's trade mark.

The first instance IP Court approached the case by assessing, first, the distinctiveness of the plaintiff's trade mark. The court indicated that the phrase Jelibon cannot be considered as a generic phrase but it is a well-known registered trade mark and has been used by Kent Gida in the food sector for many years. Accordingly, the use of this trade mark within Nako Jelibon could weaken the distinctiveness of that of Jelibon and cause the trade mark to be wrongfully perceived as a phrase open to use by anyone.

The first instance IP Court then considered that even though Jelibon is primarily known in the food sector, its well-known status exceeded the sector as a whole. Accordingly, the use of Nako Jelibon for ‘threads’ in Class 23 would allow Nako Iplik to gain unfair benefit due to the significant reputation of Jelibon. Coming to this conclusion, the court also took into consideration the actual use of Nako Jelibon on the market and indicated that the use of the different colours in the phrase Jelibon is a reference to the plaintiff’s well-known trade mark, so consumers would likely see an association between the signs.

On the basis of these evaluations, the court concluded that Nako Jelibon can cause harm to the distinctive character of Jelibon and cause the defendant to gain unfair benefit due to the well-known status of Jelibon as per Article 8/4 of the Decree Law. Accordingly, the court ruled for the invalidation of the trade mark and its deletion from the registry.

The defendant appealed the decision to the CoA. The 11th Civil Chamber of the CoA examined the file and upheld the decision at first instance. Accordingly, the CoA refused Nako Iplik’s appeal and approved the first instance IP Court’s decision. As a result, Nako Iplik filed an application for a review demand, which is currently pending before the CoA for the last phase of appeal, and which theoretically should include only procedural appeal grounds. The chance, therefore, that the case is overturned is low.

Analysis

With its decision, the CoA reinforced the principle that well-known trade marks shall be provided with a broad scope of protection extending to different goods and services. This principle was previously adopted in several of CoA’s precedents and embodied in the provisions of the late Decree Law and the current IP Code. Indeed, even though the plaintiff’s trade mark was used specifically for jelly tots/bean products and became well-known in the food sector, the CoA concluded that the sign cannot be registered in the name of another firm for ‘threads’, which is not relevant to the food sector. In doing so, the CoA considered the reputation of the trade mark and determined that it is so well-known that it exceeded the food sector.

The CoA’s decision also puts forward that a well-known trade mark which has a generic origin or is inherently non-distinctive or is in apposition to become generic by widespread use, can still be provided with a wide scope of protection, if its level of reputation justifies it. Indeed, even though Jelibon derives from the phrase ‘jelly tots/bean’ in English, and has thus a generic origin, the first instance court concluded that the reputation of the trade mark is so widespread that it cannot be considered as a generic phrase which is open to third parties’ use, even for different goods—a determination which was also approved by the CoA.

In its decision approved by the CoA, the first instance IP Court also provided noteworthy and rather peculiar reasoning regarding the examination of well-known status claims. One of these concerns the defendant’s claim that it is not possible for Nako Jelibon to harm the distinctiveness of Jelibon, since Nako is also well-known in its own sector. The first instance court, without considering whether the defendant’s trade mark can be accepted as well-known or not, indicated in general terms that, where a well-known trade mark is used with one that is also well-known and the degree of reputation of the senior trade mark is much more widespread than the latter so that the well-known status of the senior one precedes and suppresses the well-known status of the latter, the latter trade mark can dilute the senior trade mark and could lead to an unfair benefit. With this assessment, the court asserted that in cases where a well-known trade mark is sought to be used with a senior well-known one belonging to a third party, a comparison between their reputation should be made in determining whether there is the possibility of dilution or unfair benefit. If the senior trade mark has greater reputation, the possibility of dilution and unfair benefit would arise even if the other is also well-known.

Another peculiar aspect of the first instance IP Court’s decision is the court’s consideration of the defendant’s actual use of the subject trade mark as a factor that increases the likelihood of confusion and association between the trade marks. This is an uncommon evaluation in that the courts generally do not take into consideration claims based on uses in invalidation actions, on the basis that the subject of these actions is trade marks as they are registered before the Office and not their actual uses in the market—this being considered the subject of an infringement action. However, in the Nako Jelibon case, the first instance IP Court adopted a different approach and indicated that the use of the Nako Jelibon trade mark with design elements similar to the plaintiff’s could mislead consumers, which further justifies the decision to invalidate the trade mark. On the other hand, the court itself admitted in its decision that an evaluation of the actual use is not necessary in invalidation actions.

Practical significance

The CoA’s decision reinforces the principle that well-known trade marks shall be conferred protection even for different goods and services and sets forth that this principle shall be applied to inherently non-distinctive trade marks that are well-known, if their reputation is widespread. The first instance court’s evaluation regarding the determination of dilution or unfair benefit in case of conflicting rights on two well-known trade marks also sets for future similar cases. Lastly, unlike the court’s general approach, the consideration of the actual use of the trade mark in the action suggests that the use of a trade mark can

be taken into consideration as a factor that increases possibility of confusion (however, such evaluation is not strictly required).

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doi:10.1093/jiplp/jpy074

Advance Access Publication 11 May 2018

Copyright

■ Swedish Supreme Court holds that painting based on prior photograph is new and an independent creation

JL v MA [2017] Swedish Supreme Court, T 1963–15, 21 February 2017

The Swedish Supreme Court delivered this judgment in the context of proceedings that the author of a photograph (Jonas Lemberg) had brought against a painter (Markus Andersson) in relation to a painting by the latter based on the former's photograph. The court had been asked to clarify whether the painting should be regarded as an adaptation of the photographer's existing work or, instead, as a new and independent work.

Legal context

According to 4 § of the Swedish Copyright Act (SCA), a person who has made an adaptation of a work shall have copyright in the work in the new form, but the right to exploit it shall be subject to the copyright in the original work. According to the preparatory works for 4 § SCA, for a work to be regarded as an adaptation of the original work, the adaptation must leave the individuality and form of the original work unaffected. The original features of the original work must therefore be left unaltered in the work as adapted. In order to receive separate copyright protection, the adaptation must be so independent and original that a new work would be created, taking into account, inter alia, the older work that has been used as a basis.

Facts

Jonas Lemberg, a Swedish photographer, had followed and photographed Christer Petterson for a few days. The latter was prosecuted but subsequently freed of all charges for the alleged murder of former Swedish Prime Minister Olof Palme. One of the photographs taken by Jonas Lemberg was a close-up portrait that was broadly disseminated on Swedish media.

In 2006, Swedish artist Markus Andersson exhibited a number of oil paintings at The Museum of Contemporary and Modern Art in Stockholm. The exhibition consisted of portraits of Swedish people, represented as scapegoats (people that are used to lay the blame on for all that goes wrong). Amongst others, there was a painting of Christer Petterson where the close-up portrait had been used as a basis for the painting. The painting featured the close-up photograph of Mr Petterson and a goat depicted in the upper right corner. It was painted in dull colours with a rugged landscape in the background.

At first instance the Solna District Court held that the painting should be considered as an adaption of the original work in accordance with 4 § SCA. The Court of Appeal reversed that decision by holding that the painting should be considered as a new and independent work.

Analysis

The Swedish Supreme Court had to consider whether the painting should be regarded as an adaption of the close-up photography or rather as an independent creation.

The court reiterated that, according to 4 § SCA, a person who has made an adaptation of a work shall have copyright in the work in the new form, but the right to exploit it shall be subject to the copyright in the original work. Hence, the exclusive rights of the author of the adaptation would be dependent on the original photographer's rights. The person who makes the adaption is therefore not allowed to dispose it without prior consent of the holder of the copyright in the original work. The author of the adaptation would however be able to exploit his work if this could be regarded as an independent creation. In such case, the artist's rights to his painting would therefore subsist independently of the photographer's rights. The earlier work would be regarded as an adaption if the artistic individuality that embodies that work is dominant in the new work. That work would, however, be regarded as a new and independent creation if that work is characterized by the author's own expression of individuality and originality.

The Supreme Court conducted its assessment by considering the painting in its entirety. The dull colours, the rugged landscape and, above all, the symbolic goat—all give the painting a completely different meaning than the one conveyed by the original photograph. Therefore, despite the close-up image of Mr Petterson at the centre of the painting, the dominant arrangement essentially differs from the photograph. Instead of a strong close-up portrait, the painting conveys an allegory that suggests criticism of mass media's need for scapegoats. The painting is therefore a provocation in the form of commentary: Christer Petterson is merely portrayed as a subject that has been prone to such media attention. Together with the goat, he is the carrier of such a symbolic message, a message which is also emphasized by the colours in the background.