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- **Turkish Court of Appeal recently upheld two IP court decisions regarding bad faith**
- **Cases concerned the SKINCODE 2 SWITZERLAND and BIELEND A trademarks**
- **The cases reiterate the principle that there is no protection in law if a person has acted in bad faith**

The Turkish Court of Appeal has recently upheld two decisions dated June 21 2017 rendered by the Civil Court for Intellectual and Industrial Property Rights (IP court) which determined bad faith by the applicant in terms of the relationship between the applicant and the opponent.

Summary

In the case before the 11th Civil Chamber of the Court of Appeal on June 21 2017 the plaintiff alleged that:

- there was a distributorship agreement between the parties;
- the disputed trademark was owned by the plaintiff and was well known in Turkey and throughout the world; and
- the applicant filed the application in defiance of the distributorship agreement.

The plaintiff therefore requested cancellation of the trademark.

The defendant alleged that:

- despite the fact that the parties signed a distributorship agreement in 2006 for a 10-year period, the plaintiff terminated the agreement unfairly before the end of this period; and
- he himself ensured that the trademark had become well known in Turkey it had filed the application to protect its investments with the full knowledge of the plaintiff.

The defendant therefore requested that the case be dismissed.

On November 17 2015 the Istanbul Anatolian Second IP Court held that although the defendant obtained the exclusive distributorship of SKINCODE 2 SWITZERLAND branded products belonging to the plaintiff, the rights to the trademark were not assigned to the defendant. The plaintiff owned the trademark and therefore registering the trademark in the name of the defendant without the consent of the plaintiff constituted bad faith. Moreover, the 11th Civil Chamber of the Court of Appeal approved the IP court's statement that even if it the plaintiff accepted the registration and use of the trademark in the name of the defendant tacitly, after the termination of the distributorship agreement the trademark would be assigned back to the plaintiff and therefore it was necessary to accept the case and cancel the trademark.

In another decision of the 11th Civil Chamber of the Court of Appeal on June 21 2017, the plaintiff had alleged that:

- it was the owner of the trademark which was registered and well known in many countries and also at the World Intellectual Property Organisation; and
- the applicant had acted in bad faith as there had been negotiations regarding the distributorship in Turkey and the plaintiff had shared its products and price lists in these negotiations and the defendant was aware of the plaintiff's well-known trademark.

The plaintiff therefore requested cancellation of the trademark. The defendant did not respond.

The 11th Civil Chamber of the Court of Appeal upheld a decision by the Ankara Fourth IP Court dated November 21 2015 in which it was accepted that the defendant company contacted the plaintiff before the application date of the trademark and was aware of the plaintiff company and its trademarks. The IP court concluded that since the defendant was aware of the plaintiff company and its trademarks, the defendant had acted in bad faith under Article 35 of the Decree Law 556 on the Protection of Trademarks, which states that a trademark application must be rejected if it is filed in bad faith, and Article 2 of Turkish Civil Code which determines that there is no protection in law if a person has acted in bad faith. The Court of Appeal upheld this decision.

Comment

Although there are separate articles which determine bad faith, the principle stands that there is no protection in law if a person has acted in bad faith. It should be noted that the Turkish Patent and Trademark Office (TPTO) usually rejects oppositions based on Article 35 unless there is clear evidence of bad faith as occurred in the two cases outlined here.

In the first case, the Court of Appeal accepted that the application was made in bad faith because of the distributorship agreement between the parties since the applicant was not entitled to registration of the trademark. In fact, according to this decision the plaintiff was entitled to assign the trademarks back after the termination of the distributorship agreement. In the second case, the Court of Appeal accepted that the applicant acted in bad faith due to the fact that the applicant was aware of the plaintiff company and its trademarks.

In making these decisions the Court of Appeal has held not only that the distributor acted in bad faith by trying to obtain the trademark of the genuine right owner, but if an applicant is aware of the trademark of the genuine right owner, the applicant must also be deemed to have acted in bad faith.

After the entry of IP Code 6769 into force on January 10 2017, the principle regarding bad faith is now counted as one of the relative grounds for refusal under Article 6/9, whereas in the past it was not included in the relative grounds, but was enacted as a separate provision.

Now that bad faith is one of relative grounds for refusal and the Court of Appeal has rendered clear decisions in this regard, it is hoped that the TPTO will also take bad faith into account as a sole ground for refusal.

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