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Court of Appeals recognises evidential value of agreement restricting parties' rights to trademark

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- **Company B opposed registration of SULTANS OF THE DANCE by Company A based on agreement restricting use of that mark**
- **Key issue was evidential value of such agreement**
- **General Assembly of Civil Court of Appeals confirmed that agreement could be relied on to prevent registration of mark**

In a decision dated 14 February 2018 (No E 2017/11-85 K. 2018/209, which became public in July 2018), the General Assembly of the Civil Court of Appeals held that an agreement between two parties restricting the use of a sign or trademark can later prevent the registration of that sign or mark.

Background

On 12 December 2004 Company A filed an application for the registration of SULTANS OF THE DANCE, which was the name of a group performing Turkish modern folk dances formed by the majority owner of the company, before the Turkish Patent and Trademark Office (PTO). Upon its publication, Company B filed an opposition against the trademark application, relying on an agreement that restricted the use of the sign and a decision of the Istanbul First Civil Court of Intellectual and Industrial Property Rights confirming the restriction of the use of SULTANS OF THE DANCE due to the existence of the agreement. The office rejected the opposition.

Company B filed an administrative appeal before the Re-examination and Evaluation Board of the PTO, which annulled the first decision and accepted the grounds relied on by Company B, explicitly referring to the prior-dated agreement not to use the sign. Company A filed a cancellation action against this decision before the competent IP courts in Ankara.

IP court decision

In a decision dated 13 December 2011, the Ankara Third Civil Court of Intellectual and Industrial Property Rights cancelled the PTO decision rejecting the registration of Trademark Application 2004/40354 for SULTANS OF THE DANCE. The court based its decision on the Law on Intellectual and Artistic Works 5846 and ruled that the agreement signed between the parties should be considered null and void, as SULTANS OF THE DANCE constituted the name of a work of art created by the majority

owner of Company A who, as the author, could not waive prohibition rights with an agreement. Further, the court ruled that the precedent of the Istanbul First Civil Court of Intellectual and Industrial Property Rights could not serve as evidence in the case at hand.

Company B and the PTO appealed the decision before the Court of Appeals, requesting the reversal of the first-instance decision.

Court of Appeals decision and rehearing

The appeal was found admissible and the decision was reversed by the 11th Chamber of the Court of Appeals, which sent the file back to the first-instance court on the grounds that the subject matter of the dispute related to trademark law and that both the plaintiff company and the defendant company had accepted in a prior-dated agreement that SULTANS OF THE DANCE was their joint property and that neither of them could use it in any way. The 11th Chamber considered the agreement to be strong evidence and ruled that it could be rebutted only with evidence of the same type.

The first-instance court, on rehearing the case, confirmed its earlier decision, which was then appealed by the PTO before the General Assembly.

General Assembly decision

According to the General Assembly, the first-instance court should have abided by the 11th Chamber's decision, as the agreement fell within the category of strong evidence, since the plaintiff company could not prove the opposite with evidence of equal strength. Thus, it was necessary to reverse the first-instance decision.

Comment

The General Assembly decision establishes that parties have the liberty to restrict their rights to file trademark applications with an agreement. Indeed, the PTO rejected the trademark application for SULTANS OF THE DANCE by considering the agreement between the parties as evidence and ruled that it could be rebutted only with evidence of equal strength. This is as a result of the constitutional principle of freedom of contract.

On the other hand, the decision should arguably serve as a precedent in the longstanding debate surrounding a possible opposition by the issuer of a letter of consent based on confusing similarity after the issuance of a letter of consent to the owner of a junior application in order to pass the examination on absolute grounds. If the parties sign a co-existence agreement along with a letter of consent, and the owner of the senior trademark which issued the letter of consent then files an opposition against the same trademark application when it is published for opposition, the PTO should reject the opposition based on the co-existence agreement if the latter is relied on by the applicant in the opposition proceedings. This decision demonstrates again why a co-existence agreement should be signed where a letter of consent has been obtained from a third party in order to avoid an *ex officio* rejection based on senior trademark rights.

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