

## client alert

INTELLECTUAL PROPERTY | TURKEY |

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### UNCERTAINTY AS TO THE CONSEQUENCES OF NON-USE OF TRADEMARKS

In a decision published in the Official Gazette on 24 July 2014, Article 42 sub-clause 1/c of the Decree-Law No. 556 on the Protection of Trademarks (relating to invalidity of trademarks) was struck down by the Constitutional Supreme Court of Turkey. Following such decision, the consequences of non-use of trademarks (invalidation or cancellation) remain uncertain.

According to Article 14 of the Decree-Law No. 556, "In the case where a trademark is not put to use within five years following the registration date or such use is suspended during an uninterrupted period of five years, the trademark will be subject to cancellation." Despite the use of the term 'cancellation' (which, in principle, only bears prospective consequences), Article 42 of the same Decree-Law, which regulates invalidity (which has a retroactive effect), also cited Article 14 within its sub-clause 1/c. Based on such provisions, it could be considered that non-use of trademarks should result in the invalidity of such trademarks.

Considering that non-use of trademarks is a post-registration issue, and retroactive consequences of invalidity may result in injury to the trademark holder (as opposed to cancellation, which bears prospective consequences), the 4<sup>th</sup> Civil Court of Intellectual Property in İstanbul challenged Article 42 sub-clause 1/c before the Constitutional Supreme Court. The 4<sup>th</sup> Civil Court's application was made with reference to the fact that invalidity resulting from non-use may be in breach of several articles of the Turkish Constitution regarding the Constitutional State, Protection of Property Rights, and Decree-Laws. Moreover, the 4<sup>th</sup> Civil Court explained that the state of non-use had been accepted as a reason for cancellation rather than a reason for invalidation in the relevant European Parliament Directive and the European Council Regulation, which Turkey's Decree-Law No. 556 is based on.

However, instead of considering the above issues, the Constitutional Supreme Court established its decision to strike down Article 42 sub-clause 1/c on Article 91 of the Turkish Constitution, which declares that property rights cannot be regulated by Decree-Laws. While this particular ruling by the Court relates only to Article 42 sub-clause 1/c of Decree-Law No.556, it does suggest that other Articles of the same Decree-Law may be struck down with the same reasoning. The prevalent opinion on this situation is that Decree-Law No.556 is no longer adequate in the protection of trademark rights.

It is not currently clear how this cancellation decision by the Constitutional Supreme Court regarding Article 42 will affect pending actions. Article 153 of the Turkish Constitution decrees that cancellation decisions are not retroactive. Despite this provision, the Council of State has remarked in a decision that resolving pending actions in accordance with decrees which have been found to be unconstitutional must be considered to fall against the principles of the Supremacy of the Constitution and the Constitutional State. Furthermore, a Constitutional Supreme Court decision of 2008 regarding the legality of crime and punishment caused the dismissal of all pending actions with the assertion of "public good", and the issue caused upheaval until necessary adaptations were made to the relevant laws. It must also be noted that Article 14 of the Decree-Law No. 556, which Article 42 sub-clause 1/c referred to, remains in force, and may be the basis for court proceedings regarding non-use of trademarks. At present, different opinions on the subject are put forth by authors active in the field of intellectual property. We believe that decisions given as a result of current pending actions will clarify the position of the Turkish courts on this issue.

*In compliance with Turkish bar regulations, opinions relating to Turkish law matters which are included in this client alert have been issued by Özdirekcan Dündar Şenocak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.*

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