



Guiding Principles for Determining Bad Faith in Trademark Registration: The Target Ventures Decision

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1. Introduction

It is quite rare for the Turkish courts specialized in matters of intellectual property rights (“IP Courts”) and the Turkish Patent and Trademark Office (“TPTO”) to acknowledge the concept of bad faith in trademark registrations. In this sense, the recent *Target Ventures* decision¹ of the General Court of the European Union (“EGC”) regarding bad faith in trademark registration applications is worth discussing, as this crucial decision sheds light on how bad faith should be assessed and may, therefore, also constitute a basis for Turkish IP practice in the future.

2. The Concept of Bad Faith in the Turkish Civil Code and IP Law

Turkish legislation avoids giving a specific definition for “bad faith” on purpose, in order not to limit the scope of the concept. This is also due to the fact that the concept of bad faith cannot be easily delineated or formulated with precise elements, as it is a pure reflection of human intention and creativity in greed. Therefore, the boundaries of its implementation are somewhat fluid as the common practice of the courts is to describe bad faith simply as “*actions that are not compliant with the good faith principle.*” That said, Article 3 of the Turkish Civil Code (“TCC”) does indicate that good faith can be deemed as the “*exercise of due care that can be expected from a person in a given situation,*” while Article 2 of TCC provides that each person is obliged to act honestly (*i.e.*, in good faith) while exercising their rights. In the particular context of trademark registrations however, the adopted approach is based on Tekinalp’s description of acts in bad faith: “*applying for a trademark registration*

¹Judgment of 28 October 2020, *Target Ventures Group Ltd v European Union Intellectual Patent Office*, T-273/19, not published, ECLI:EU:T:2020:510. (“*Target Ventures*”) (Available at <http://curia.europa.eu/juris/document/document.jsf?jsessionid=5CB9661D2DDAA9D270FEEA488C7E3287?text=&docid=233011&pageIndex=0&doclang=en&mode=req&dir=&occ=first&part=1&cid=10359076> Last access date: January 4, 2021)

not for the genuine use of the applicant, but as a back-up, for the purposes of trading on the trademark itself, or extortion.”²

In accordance with the above-mentioned principles, the relevant Turkish legislation, Industrial Property Code (“IPC”), obliges the trademark applicants to avoid acting in bad faith and acknowledges it as a valid ground of rejection and also annulment, under Articles 6 (9) and 25 (6), respectively.

2.1 Bad faith practice of the IP courts

Due to the lack of a clear statutory definition as per the above, it is the decisions of the IP Courts and TPTO that provide some guidance in terms of what can be deemed as bad faith practices. That said, the relevant precedents show that acknowledgement of bad faith in trademark registration has been confined to a relatively limited sphere.

The IP Courts are willing to adopt a rigorous approach when it comes to trademarks that have speculative and/or obstructive purposes. Those trademarks that are registered not for routine commercial use but for trading on the trademark itself and/or for blocking others to enter into a given market, have been dealt with in a number of benchmark cases.³ In these cases, the courts found that one has a duty to exercise due care in finding out whether a trademark is already owned and used by a third party; even if that third party’s trademark was not registered and used in Turkey. This imposition of the obligation to investigate is similar to the *Target Ventures* where the court decision refers to the obligation of the trademark applicants to investigate whether the trademark in question is already in use outside a given geographical area. Although there are other decisions with similar findings,⁴ we still cannot speak of a settled practice that definitively accepts such approach, as there are decisions that suggest otherwise, as well.

² Ünal Tekinalp, *Fikri Mülkiyet Hukuku*, (3. Edition, 2004) p. 366.

³ Rauf Karasu, “Spekülasyon ve Engelleme Markaları,” 2008, Volume 8, Ankara Barosu Fikri Mülkiyet ve Rekabet Hukuku Dergisi (FMR), p. 11.

⁴ Court of Appeal (11th Chamber) decision numbered 2013/11926E. and 2014/8450K, dated 05.05.2014; Civil Grand Chamber of the Court of Appeal decision numbered 2008/11-501E. and 2008/507K dated 16.07.2008.

Despite the precedents above, the courts present a rather restrictive approach to the issue of bad faith in trademark registration while bad faith can manifest itself in various forms wherein not always the speculative and/or obstructive purpose is transparent. As a result of this, instead of applying a more rigorous examination to the bad faith allegations, the courts focus on other grounds in the assessment of the trademark infringement. In certain cases, despite clear indications of bad faith in the particular trademark registration, the courts and TPTO have preferred to rely on “confusion of trademarks” as a ground, rather than assessing the bad-faith-registration angle.⁵

All in all, adding to the vague standards adopted in assessment of bad-faith-registration, the restrictive approach adopted by the IP Courts is dismissive of the realities of daily commercial life.

2.2 TPTO`s assessment of bad-faith in trademark registration

The approach adopted by TPTO in this regard is similar to the IP Courts, in that they employ a rather narrow scope in evaluating a trademark registration, when an opposition is submitted.

TPTO seeks solid and definitive evidence, such as those put forward in previous court precedents, to accept the existence of “bad faith.” However, concrete evidence of bad-faith is rarely present, as it is quite uncommon to have substantive evidence of an abstract element, *i.e.*, the intention, in trademark cases. In the absence of such evidence, TPTO tends to steer clear of a finding of bad-faith-registration.

For instance, TPTO refrained from assessing the bad faith allegations in the opposition⁶ made against the trademark “GSUITE,” which is almost identical to the earlier trademark of “G SUITE,” with a slight difference of a space between “G” and “SUITE” phrases, and similarly in the opposition⁷ made against the “STREET VIEW GUIDE,” which is almost identical to the earlier trademark of “STREET VIEW” with the mere addition of the word, “guide.” In

⁵ Court of Appeal (11th Chamber) decision numbered 2019/1051E. and 2019/7671K. dated 2.12.2019.

⁶ The decision of TPTO Trademarks Department numbered 71248886 - 2019/24476/E.2019-OE-351924

⁷ The decision of TPTO Trademarks Department numbered 71248886 - 2019/116310/E.2020-OE-594692

another opposition case⁸ against the trademark registration application for “YOUTUBER,” TPTO did not accept the bad faith claims where the applicant has filed for other trademark applications for the phrase “youtube”, which is a well-known trademark. These show that TPTO has a very narrow interpretation of bad faith and acknowledges it under only specific circumstances, although it refrains from providing the relevant basis or the detailed framework in its decisions.

3. The EGC Assessments in *Target Ventures*

The EGC issued its judgment for *Target Ventures* on October 28, 2020. In this matter, Target Partners GmbH (who would eventually become the “Intervener” in the EGC case), is a venture capital fund registered in Germany that has owned the domain name ‘targetventures.com’ since 2002 and the domain name ‘targetventures.de’ since 2009. The only purpose of these websites was to redirect the users to the Intervener’s official website ‘www.targetpartners.de’. The applicant to the court, on the other hand, was Target Ventures Group Ltd (the “Applicant”), a venture capital fund located at British Virgin Islands, and claimed to have been operating in Russia since 2012, and in the EU market since 2013.

On November 2014, the partners of the Applicant and a representative of the Intervener attended the same conference in the investment sector, in London. After the conference, a representative of a start-up looking for investment sent a joint email to all of the email accounts ending in “...@targetpartners.de” and “...@targetventures.ru”, which were the email accounts of the representatives of the Target Partners GmbH and Target Ventures Group, respectively.

Following this, in January 2015, the Target Partners GmbH filed an application to EUIPO to register the word sign TARGET VENTURES for services in Classes 35 and 36. The EUIPO accepted the application and granted the registration on 28 May 2015. Two months later the Target Ventures Group filed an application to EUIPO requesting invalidation of the trademark (having first sent a cease and desist letter and tried an interim injunction in the Berlin regional

⁸ The decision of TPTO Trademarks Department numbered 71248886 - 2018/96319/E.2019-OE-219773

court), alleging that the case was a bad-faith-registration. This application was first rejected by the Cancellation Division and then by the Board of Appeal of EUIPO, on the grounds that bad faith had not been proven as the Intervener did not know about the services offered by the applicant in the EU area, that the Applicant did not show Intervener's presumed knowledge of its activities and that the usage of the mark TARGET VENTURES in Europe could not be considered as well-known among the relevant public and competitors when the Intervener applied for the registration of the mark. Moreover, according to the Board of Appeal, during the time of filing the Intervener had legitimate business interest and their intention was to expand their business and to avoid future confusion by its clients. After the decision of the Board of Appeal, the Applicant filed an appeal before the EGC, which issued its judgment on October 28, 2020.

In its analysis under *Target Venture*, the EGC acknowledged that the factors listed in case law⁹ to determine the existence of bad faith were examples only, and therefore the non-existence of a factor should not prevent the court from finding that a particular applicant had acted in bad faith. Furthermore, the court confirmed that an overall assessment must be made and all relevant factual circumstances of the present case must be taken into account, when there is a claim that the registration was made in bad faith.

In light of the above, after examining the circumstances of the case, the court stated that the Intervener had not intended to use its trademark in a way that falls within the function of a trademark, as their intention was to protect and reinforce their first mark. According to the court, this was established by the fact that the domains "www.targetventures.de" and "www.targetventures.com" only redirect to the Intervener's official website. As a consequence, the EGC concluded that, as the intention of the Intervener at the time of filing the trademark application was for purposes other than those that fall under the functions of a trademark, proving that the applicant had prior knowledge of a third party's use of the sign would not be a necessary condition to find they acted in bad faith.

⁹ Judgment of 11 June 2009, *Lindt & Sprüngli*, C-529/07, ECLI:EU:C:2009:361.

Furthermore, the Court also pointed out that the Board of Appeal did not take all of the factors of the case into account and found its approach to be very restrictive and insufficient, as their analysis was based only in the businesses in European Union.

4. Possible Impact of the *Target Ventures* decision on Turkish IP Law

The EGC decision of *Target Ventures* can provide guidance for Turkish trademark practitioners in terms of the possible investigation methods of bad faith claims in trademark registrations. Since currently the Turkish IP Court and TPTO assessments of bad faith are very restricted and narrow in their approach, their consideration of the explanations and the methodology of the EGC may also result in promising developments in the Turkish trademark law practice.

Indeed, the EGC found malicious intent on part of the Intervener by putting all of the pieces of events and evidence together, and reaching the conclusion that the Intervener would have been aware of the other party and foresee the potential competition between them, as a potential customer had contacted both simultaneously. All these convinced the Court that the Intervener had filed for this trademark application in order to prevent the other party, who is a competitor of the Intervener, to provide similar services in the relevant activity area.

All in all, as the decisions of courts of the European Union are not binding but merely persuasive precedents or useful guides in Turkish trademark practice due to the similar legislations in trademark law, *Target Ventures* could inspire the IP Courts and the TPTO to adopt a broader approach and understanding, when it comes to assessing bad faith claims in trademark registrations.

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