



POSSIBILITY OF AN ADVERTISEMENT BAN DECISION NEGATING THE PROTECTION GRANTED TO HONEST USE OF TRADEMARKS

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I. Introduction

The Advertisement Board rendered an advertisement ban decision and concluded that the use of registered trademarks on a business sign without a contractual relationship with the proprietor of displayed trademarks is an unfair commercial practice. The Advertisement Board's reasoning is that such use on the business sign without any legal contractual relationship, such as license agreements, creates the wrong impression over the consumer that this particular business is an authorized service shop of the business products bearing the displayed trademarks. The decision¹ of the Advertisement Board is published on the Advertisement Board Meeting Press Bulletin dated May 4, 2021 and numbered 309.

II. The summary of the decision

The Advertisement Board focused on the business sign of an electrician, which displays the pioneer trademarks of electronics sector, i.e. Beko, Siemens, Arçelik, Termikel and Philips, upon a complaint evaluated under the case numbered 2019/9536. The Advertisement Board determined that the logos and several elements of trademarks "Beko, Siemens, Arçelik, Termikel and Philips" are used on the subject-matter business sign.

The Advertisement Board evaluated that such use of the mentioned trademarks without any authorization for legally-authorized use of those trademarks and/or any contractual relationship with

¹ Access link (available in Turkish only): <https://ticaret.gov.tr/tuketici/ticari-reklamlar/reklam-kurulu-kararlari> (Last access date is January 11, 2022)

the proprietors of the mentioned trademarks is an unfair commercial practice as well as deceptive and misleading. The Advertisement Board states that such use creates the perception that the business in question is an authorized service shop of the displayed trademarks, i.e. Beko, Siemens, Arçelik, Termikel and Philips, due to those trademarks on the business sign.

Based on this evaluation, the Advertisement Board concluded that the subject-matter business sign displaying registered trademarks of third parties are against law and ruled for the advertisement ban due to these uses as per articles 63 and 77/12 of Consumer Protection Law numbered 6502. Nevertheless, the Advertisement Board did not include the trademark-law-related aspect of the subject-matter trademark use on the business sign in the decision.

III. The evaluation of the issue from trademark law perspective

i. Honest use of a trademark by a third party

Under Turkish law, trademark protection aims allocation of use of a certain mark to the proprietor of the trademark. Accordingly, the Industrial Property Code numbered 6769² (“IPC”) grants several authorizations for the proprietor of a trademark in order to provide this allocation between the goods and services bearing a certain trademark and the proprietor of the trademark. For this very reason, the major portion of trademark protection tools for preventing confusion between trademarks.

On the other hand, Article 7/5 of IPC acknowledges that an honest use of a trademark by a person other than the proprietor of it cannot be prevented based on trademark registration, even though there is no contractual relationship between the user and the proprietor of the used trademark. The particular matters wherein an honest use is accepted to exist are listed under Article 7/5 as (i) indication of the name or address of real persons, (ii) explanations concerning the type, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services, and (iii) situations where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts or equivalent products. Accordingly, above-mentioned uses of a trademark cannot be prevented by the trademark proprietor, provided that the uses are indeed honest use of the particular trademark.

² Access link (available in English): <https://www.turkpatent.gov.tr/TURKPATENT/resources/temp/4D59A7D3-A564-40A1-9C96-DB1E3D157E90.pdf;jsessionid=52BD0DDA7C4F52CAAC45CE3C768F5E6F> (Last access date is January 11, 2022)

Based on above-explanations, the use of an automotive trademark (for example BMW or Ford) by a mechanic or a spare part seller, whose practice concerns cars bearing that trademark, cannot be prevented by the proprietor of the automotive trademark based on Article 7 of IPC. Indeed, such uses are assessed in several precedents of High Court of Appeals³ and CJEU⁴ as well. The high courts upheld the honest use principle in cases where the subjected uses of the registered trademarks can be considered as honest use of the trademark. As a result, it has been set forth that if the use of a trademark is indeed necessary for the marketing and advertising of the services that are being provided regarding the products bearing the registered trademark, such uses should be accepted to fall into the scope of honest use of the trademark, provided that there is no likelihood of confusion between the products bearing the trademark and the services provided regarding the products bearing that trademark.

ii. Trademark infringement in case of honest use

Trademark infringement is the very tool that is frequently claimed by the proprietor of alleged-to-be infringed trademark when the subject-matter trademark is used by an unauthorized third party in the forms listed under Article 29 of IPC. Trademark infringement lawsuits poses a great importance for the proprietors since, as per Article 149 of IPC, in case of a trademark infringement the proprietor of the trademark would be entitled to claim pecuniary and non-pecuniary compensation in addition to (i) the determination of the existence of infringement, (ii) prevention of the possible infringement, (iii) cease of the infringing actions, (iv) seize of the products causing infringement or requiring penalty, as well as instruments, such as devices and machine exclusively used in their production, without preventing the production of products other than infringing products, (v) granting property right on products, devices and machines seized, (vi) taking measures to prevent the continuity of infringement, in particular at the expense of the infringer to change the shapes of products and instruments such as device and machine seized, to erase the trademarks on them or to destroy them if it is inevitable for preventing the infringement of industrial property rights, and (vii) announcement of the final judgment at the expense of the opposite party fully or in summary through the daily newspapers or other means or notification to relevant parties, if there is any justified reason or interest.

³ The precedent of 11th Chamber of High Court of Appeals numbered 2003/2346 E., 2003/8743 K. and dated October 3, 2003

⁴ BMW v. Deenick (C-63/97), para. 55-55

Under Article 29 of IPC, where trademark infringement cases are regulated, using the trademark as set out under Article 7 of IPC without the consent of the trademark proprietor is considered as trademark infringement. In consideration of the exemption that is acknowledged for honest use of a trademark under Article 7/5 of the IPC, it follows that the honest use of a trademark is not an act of trademark infringement as well.

Accordingly, if a trademark use took place in the forms listed under Article 7/5 of IPC, which can be categorized as trademark infringement, can be considered as honest use of the trademark; then, this use cannot be considered as trademark infringement as well. As a result of this exemption, the proprietor of the used trademark will not be entitled for any of above-listed claims, most important one of which is cease of the infringing actions for protection of the trademark from damages that may occur in future.

iii. Evaluation of the subject-matter uses on business sign from the honest use perspective

It has been explained under above sections that if the subject-matter use of a trademark is deemed to be falling into the scope of the exemption regulated under Article 7/5 of the IPC, then the use should be considered as honest use of the trademark. Accordingly, the proprietor of the used trademark cannot prevent the use of the trademark by relying on a trademark infringement claim. On the other hand, the Advertisement Board ruled that the use of the trademark without a contractual relationship creates the wrong impression over the consumers that the business in question is an authorized service shop of the displayed trademarks, which is the quite opposite of what the honest use principle of trademark law entails.

For proper assessment of the decision of the Advertisement Board, the subject-matter uses should be evaluated first. This is because, as explained under Section III.(i), it is not merely sufficient for a trademark use to occur as listed under Article 7/5 of IPC; the use is also required to be able to categorized as honest use. The consideration of whether the use is indeed an honest use requires the evaluation of the proportion and positioning of the trademark use on the business sign as well as the overall impression of the trademark on the business sign. As there is no visual of the subjected business sign included into the decision of the Advertisement Board, it is not possible make such evaluation. Thus both possibilities will be evaluated under below section.

IV. The effects of the decision on trademark infringement cases

As explained under Section III above, the uses of a trademark by an unauthorized third party in situations where it is necessary to indicate the intended purpose of a product or service (for example the services provided by spare part sellers or mechanics) falls into the scope of the honest use principle. As a result, these uses cannot be prevented by the trademark proprietor and trademark infringement claims cannot be raised against those uses.

Since it is required to conduct an overall evaluation on the subject-matter uses in order to determine whether it can be deemed as an honest use of trademarks or not and since it is not possible to conduct this evaluation due to lack of visual of the subject-matter use, we hereby study both possibilities.

i. First possibility: The subject-matter use does not fall into the scope of honest use principle

As described earlier, the trademark use subjected to the Advertisement Board's decision should be indeed necessary for the marketing and advertising of the services that are being provided regarding the products bearing the trademarks and it should not create likelihood of confusion between the products bearing displayed trademarks and the services provided regarding the products bearing displayed trademarks.

Considering the data provided in the decision of Advertisement Board, it is not possible to evaluate the actual trademark uses on the business sign. However, based on the assumption⁵ that (i) the uses on the business sign suppress the actual service that is being provided or (ii) the business sign creates the wrong impression that the business in hand operates as an authorized reseller of the products or (iii) it misleads the consumers that the commercial activities are in any way consented or authorized by the proprietors of the trademarks displayed on the business sign; then, it cannot be possible to reach the conclusion that the subject-matter uses fall into the scope of the honest use principle.

If a trademark use on a business sign does not fall into the scope of the honest use principle, then these uses would constitute trademark infringement and the trademark proprietors would be entitled to claim for prevention of the trademark use. Under this possibility, the decision of Advertisement Board determining the subject-matter business sign as an unfair commercial practice remains to be

⁵ It is fatal to note here that these three cases mentioned under this paragraph are not listed *numerus clausus* and there may be many more other cases where the subject-matter uses do not fall into the scope of the honesty principle.

in compliance with the principles and implementation of Turkish trademark law; although this trademark law perspective is not included into the reasoning of the advertisement ban decision.

ii. Second possibility: The subject-matter use falls into the scope of honest use principle

The Advertisement Board decided for an advertisement ban, which is a legal outcome that can be obtained through enforcement of the right provided under Article 7 of IPC in a trademark infringement lawsuit filed against the subject-matter business sign. Nevertheless, if the business sign in hand can be deemed as an honest use of trademarks displayed on the business sign, then it would not be possible to enforce these rights provided to the proprietors of the trademarks and to file an infringement action against the business sign as per article 7/5 of IPC.

By virtue of the Advertisement Board's decision, the legal outcome of cease of the infringing uses (which can only be obtained through the enforcement of Article 7 of IPC in a trademark infringement lawsuit but might not because of honest use principle) is achieved through enforcement of trademark right by resorting to the Advertisement Board for an advertisement ban. Such practice of Advertisement Board in a way creates a side door for proprietors of trademarks, who are not legally entitled (from a trademark law perspective) to claim for cease of infringing uses and to enjoy a legal outcome that would not be possible to achieve due to Article 7/5 of IPC. In other words, while the uses mentioned here cannot be prevented as per article 7/5 of IPC, the Advertisement Board has given the right to claim for "cease of use" back to the proprietors of the trademark displayed on the business sign.

As explained herein, there are many claims that can be raised by a proprietor of an infringed trademark, including financial claims such as pecuniary and non-pecuniary compensation claims. Keeping in mind that the financial claims pose great importance for a proprietor of an infringed trademark in terms of indemnification of the damages incurred due to the infringing actions; another fact is that cease of the infringing actions is just as important for a proprietor of an infringed trademark. This is because stopping the infringing uses will prevent escalation of damages incurred due to the infringement. However, while uses that fall into the scope of honest use principle are not considered as "damaging for the trademark", the mentioned decision of the Advertisement Board provides one of the most important outcomes of enforcement of trademark right (i.e. stopping the subject-matter uses).

V. Conclusion

In the advertisement ban decision in question it is stated that (i) the use of trademarks on the business sign creates the impression that the relevant business is the authorized service shop of the displayed trademarks, i.e. Beko, Siemens, Arçelik, Termikel and Philips, (ii) such uses can be considered as unfair commercial practice and (iii) it is deceptive and misleading.

However, under Turkish trademark law, the exemption of honest use of a trademark is acknowledged under article 7/5 of IPC. Accordingly, an honest use of a trademark in situations where it is necessary to indicate the intended purpose of a product or service, in particular as accessories, spare parts, or equivalent products, by a person other than the proprietor of it cannot be prevented based on trademark right. In other words, the proprietor of the displayed trademark is not entitled to claim for cease of the uses in cases of honest use of the trademark. The evaluation of whether uses can be deemed as honest use or not should be conducted based on the evaluation of the actual use in question and the proportion and positioning of the trademark as well as the overall impression of the business sign.

Based on the foregoing;

(i) if the business sign cannot be considered to be falling into the scope of the honest use principle, then the advertisement ban decision of the Advertisement Board remains in compliance with the requirements and principles of trademark law although this aspect of law is not evaluated in the decision,

(ii) if on the other hand the business sign falls into the scope of the honest use principle, then the advertisement ban decision of the Advertisement Board evidently provides the legal outcome of an infringement lawsuit (i.e. cease of infringing uses) and gives the proprietors of trademarks a second option for achieving this outcome through another legal tool, since it is not possible to obtain that through enforcement of trademark rights because of the honest use principle acknowledged under Article 7/5 of IPC.

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