

Assignment of Trademarks and Licensing of Trademarks in Turkey

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I. Introduction

Turkish law provides for both the assignment and license of trademarks. It is important to distinguish trademark related rights borne from assignment and licensing as this will determine the scope of rights that are exercisable.

II. General Information on Trademark Rights

a. Definition

Under Turkish law, trademarks are regulated and protected by the Decree-Law No. 556 Pertaining to the Protection of Trademarks (the “Decree”). Pursuant to the Decree, a trademark is defined as “all kinds of symbols that help to distinguish one undertaking’s goods and services from another undertaking’s goods and services. The word “symbol” is interpreted broadly, and within this framework includes graphics, designs, names, words, letters, logos, numbers, shape of goods and their packaging, slogans, three dimensional shapes, melodies, odors and colors (when combined with shapes), and if they have the quality to distinguish the provider of goods/services from other providers.

The primary function of a trademark is distinguishing the source of a good/service from other providers of similar goods/services. Trademarks are intellectual property and proprietary rights can be infringed by anyone, and enforced against anyone. Trademarks are considered assets because of their proprietary nature and their ownership stands independent from the owner of the actual goods and services.

b. Trademark Protection

Trademark rights entitle the owner to prevent the use of the trademark without their permission. The protection covered by this right is gained upon registration.

Turkish law grants two main protections in relation to trademarks, namely geographical area and time. In respect of protection as to geographical area, a trademark registered by the Turkish Patent Institute (TPI) grants protection only within the borders of Turkey. A trademark registered in Turkey does not provide any protection abroad. The scope of trademark protection may not be restricted within Turkey’s jurisdiction; in other words, trademark registration in Turkey grants countrywide and unlimited protection. In respect of protection as to time, trademarks registered by the TPI are protected for 10 years as of the application date. This period may be renewed for a further 10-year period at the conclusion of each protection period. Additionally, the trademark should be used within 5 years as of the registration date; otherwise such registration may be subject to cancellation.

II. Distinction between assignment of trademarks and licensing of trademarks

a. Assignment of Trademarks

According to Article 16/I of the Decree, a registered trademark may be transferred independently or together with a company in part of or in full, for the goods or services for which it is registered. The transfer of the trademark means that the owner transfers all of their absolute rights to the assignee.

In this respect, the agreement in terms of the trademark transfer must be written as a condition for validity. The registration of the trademark assignment to the Turkish Patent Institute's Register does not have a constitutive effect. However, the registration of the assignment is highly important with regards to legal security. The assignment is registered for the purposes of enforceability. Upon the request of one of the parties, the assignment will be registered and published (Article 16/VI of the Decree). The TPI may refuse to register the assignment of the trademark if the nature of the transfer misleads the public concerning the nature, quality, or geographic origin of the goods and services (Article 16/IV of the Decree).

As mentioned above, it is possible for a registered trademark to be transferred in relation to part of the goods or services for which it is registered. For the partial assignment of trademarks to take place, they must be registered for one or more goods or services. With partial assignment, the assignor and assignee have rights to use the different goods or services under the same trademark. As a trademark is given single and indivisible rights within the country borders it is registered in, it is not possible to partially transfer a trademark limited to an area of a country, in relation to a single good or service.

In situations where the trademark is transferred in return for an amount of money, clauses regarding sales agreements in the Code of Obligations may be used when applicable. In the assignment of a trademark, regarding the written assignment agreement, all existing trademark rights are transferred to the assignee as is. With the transfer of the trademark, all rights surrounding the trademark are also transferred to the assignee. As the trademark rights are given to the assignee as is at the time of assignment, the assignee benefits from trademark protection as of the initial date the assignor registered the trademark and not as of the date the trademark is transferred to the assignee.

b. Licensing of Trademarks

According to Article 20 of the Decree, registered trademark rights may be licensed for some or all of the goods and services for which it is registered. In the license agreement the trademark owner is able to allow somebody else to use their rights in the most extensive and profitable way. As per Article 20 of the Decree, a license is, as a general rule, non-exclusive unless otherwise provided in the agreement. Trademark license agreements are contracts, which relate to assigning the usage of a trademark to somebody else and in return, as a general rule, receiving a price from the trademark right holder. From this aspect, the agreement terminates the monopoly tenure of the trademark owner. Also this agreement makes the result for the owner using the trademark with others or assigning it to a second person without his usufruct.

According to Article 21 of the Decree, licenses may be assigned in both non-exclusive and exclusive forms. License agreements sever, depending on the scope of the rights of the license holder and using the trademark by others or not, as exclusive or non-exclusive license agreements. According to Article 21/II of the Decree, if the qualification of the agreement is not implied, the license will be endorsed as a non-exclusive license.

In a non-exclusive license agreement, in terms of the usage of the trademark, whoever takes the license does not have the right to be a monopoly. The licensor can use the trademark rights alongside the licensee and also entitle third parties with this right. Thus a trademark can be employed by many companies.

An exclusive license agreement grants the right of monopoly, such that even the licensor cannot use the trademark unless otherwise provided in the agreement. The biggest difference between the non-exclusive and the exclusive licenses is in context of preserving the trademark. As a general rule (it can be indicated otherwise in an agreement) the exclusive licensee is authorized to press charges against infringements on the trademark in their behalf without receiving approval of the licensor (Article 62 of the Decree). On the contrary, as a general rule, non-exclusive license holders have no rights to take actions against the infringements of their trademark (Article 21/VI of the Decree).

By virtue of the fact that the trademark license agreement is a synallagmatic agreement, there are many rights and obligations on parties. As it is implied in Article 21/IX of the Decree, the licensor can claim rights from the trademark by taking legal action if the licensee violates the terms of the agreement. In a license agreement the main obligation on the licensor is to grant the usage of the trademark to the licensee. Not interfering with the usage of the trademark personally or through others, causing problems, saving the licensee from the claims asserted by third parties are ranked among these obligations.

The licensor should avoid actions that can cause an invalidity of the trademark. The licensor has the right to take precautions to guarantee the quality of the goods or services for which it is registered. Additionally, the licensee has also some rights and liabilities. Due to the agreement (whether it is exclusive or not) in the case of infringements on the trademark, authorization of the licensee to press charges in his behalf, just like the legal actions of licensor, comes into question.

IV. Conclusion

Trademark licensing can be mutually valuable in many ways to both parties. A trademark license can provide an easier way for an entrepreneur as a licensee to obtain revenue without the need to increase costs by advertising a new trademark in order to freshly break into the market. Trademark license agreements are a solution to this problem. From the trademark right owner's perspective, licensing the trademark will create an additional revenue stream and provide territorial expansion for his/her company. Thus, assignment of trademarks is not a viable option for an assignor merely seeking to transfer trademark rights. Assignment is an option usually when business transfers, mergers or acquisitions of companies are of question.

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