

# Turkey

ATG Law Firm

## Turkey welcomes letters of consent

Pursuant to the new Industrial Property Law, similar or identical trademarks will no longer be considered absolute grounds for refusal if applicants submit a letter of consent for use from the prior owner

**Do rights holders** benefit more from obtaining *ex officio* protection for use of a similar or identical trademark in relation to similar or identical goods or from relinquishing *ex officio* protection on the condition that the prior rights holder has given its consent? In January 2017 the Turkish government sided with the latter when it began to accept the submission of letters of consent in trademark applications. In many countries, providing a letter of consent in order to prevent the refusal of a similar trademark is general practice. Now, it appears that the Turkish Patent and Trademark Office (TPTO) is accepting them too.

Rights holders now have three options when faced with similar or identical trademarks. First, they can remain passive and hope that no complications arise from the similarity. Second, they can commence litigation, either by filing an opposition against the trademark application or by requesting an injunction and invalidation of the mark. Finally, they can seek coexistence, whereby the parties discuss and agree on a means of preventing problems and maintaining peaceful coexistence in the marketplace.

The Industrial Property Law 6769 marks the start of a new era for trademarks, patents, industrial designs and geographical indications in Turkey. Following its enactment, the existence of similar or identical trademarks cannot be considered as an absolute ground for refusal when a letter of consent is provided. The letter prioritises coexistence and aims to avoid conflict between the different rights holders.

Previously, under the Decree Law on the Protection of Trademarks 556, an application for a trademark that is similar or identical to a prior registered

mark would be refused without receiving the opinion or arguments of the prior trademark owner. Registration was regarded as a simple, government affair, rather than a business necessity. The decree law provided no exceptions and therefore letters of consent were not acknowledged by the TPTO. The dominant assumption was that the decree law's objective was to "preserve the public and especially the consumer of those goods and services".

The new Industrial Property Law moves away from this mindset and introduces letters of consent as a necessity for commercial life and individual rights holders. Article 5 regulates the absolute grounds for refusal of a trademark and states that: "Trademarks identical or confusingly similar to a trademark registered or filed for registration earlier in respect of an identical or confusingly similar type of product or service will not be registered as trademarks." However, Article 5/3 establishes an exception to the rule, stating that an application may not be refused "if a notarial document indicating the clear consent of the prior trademark proprietor for the registration of the application is submitted to the Office. Procedure and rules regarding the letter of consent shall be determined by regulation".

The EU Trademarks Directive (2015/2436) also sheds light on the principle of coexistence, stating that: "The Member

States shall ensure that in appropriate circumstances there is no obligation to refuse registration or to declare a trademark invalid where the proprietor of the earlier trademark or other earlier right consents to the registration of the later trademark."

### Formal requirements

The purpose of a consent letter is to protect the interests of applicants that agree to coexist in the marketplace. This way, confusingly similar trademarks covering identical or similar goods or services can be registered at the TPTO with a notarised consent letter from the prior trademark owner. The Regulation on the Application of the Industrial Property Law, which came into force on April 24 2017, also regulates letters of consent. Article 10 states the following:

- Letters of consent must be in the format that is accepted by the TPTO and must be signed and notarised.
- A consent form must include complete information on the applicant, the prior trademark owner, the applied-for mark and the prior mark.
- The letter of consent must indicate the class of goods and services in which consent is given.
- Finally, the letter must be unconditional.

### Submitting a letter of consent

Letters of consent must be submitted to the TPTO with the trademark application form.

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In case of an opposition, the letter can be submitted to the TPTO until a decision is issued. The written consent for exclusive use of a trademark by a licensee must also be submitted.

However, Articles 10/2 and 10/3 of the regulation differ slightly. Pursuant to Article 10/2, if the letter of consent lacks the abovementioned requirements, then the applicant has two months to amend these deficiencies. However, Article 10/3 states that if a consent form is not submitted with the letter of consent, then the parties will not be notified and the application will be deemed not to have been made. Either way, the request is deemed not to have been made unless these shortcomings are amended.

Once a letter of consent has been submitted, it is irrecoverable. In addition, a separate letter must be submitted for each trademark application. Therefore, rights holders cannot submit a general consent letter for more than one trademark application.

### Coexistence agreements

Realistically, a letter of consent alone is not enough to resolve the conflict between rights holders that use similar or identical trademarks. Ideally, the letter should be accompanied by a well-drafted coexistence agreement. As mentioned, once a letter of consent has been submitted, it cannot be withdrawn; as such, it is crucial for rights holders to refer to every foreseeable legal detail in the coexistence agreement. Most coexistence agreements are concluded for an indefinite period; therefore, the wording, purpose and overall context of the agreement should be carefully considered. For instance, when determining the relevant business areas, rights holders should explicitly name the specific goods and services, rather than specify a Nice class, as this may differ year by year.

It is difficult to foresee how a business may develop and expand. Indeed, business models, agreed exclusive areas of use, relevant markets and technologies can all change over time. As such, a strong agreement is essential to ensure that the parties understand what they can



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and cannot do in spite of future changes. Rights holders should be wary when solving problems in order to avoid raising new issues further down the line, which could lead to unforeseen complications years later.

### The grey zone

Most trademark practitioners are content with the harmonisation of Turkish and EU IP law. Since the letter of consent is a recent legal tool, there are various questionable aspects and gaps in practice. These grey areas can be considered from the following perspectives:

- Consumers – the sale of products displaying identical trademarks on the same shelf may cause confusion and a new trademark that is identical to a well-known mark in Turkey may benefit unfairly from the latter's reputation.
- Prior trademark owners – it is uncertain whether prior trademark owners must have the approval of the trademark owner to which they have given consent before they can issue another letter of consent to another rights holder or submit an application for a similar or identical trademark.
- Consented trademark owners –

challenges may arise where junior trademark owners issue letters of consent to third parties without confirmation from the prior trademark owner. Further, the junior owner can overcome absolute grounds for refusal during similarity assessment, but it is unclear whether this prevents the prior owner from opposing the application after publication.

- Competition law – a coexistence agreement, which is signed along with a letter of consent, may be problematic if it aims to divide the relevant market between two rights holders.
- Trademark law – considering coexistence agreements as a commercial tool through which prior trademark owners and their attorneys can demand money in exchange for consent is contrary to the objective of consent letters and good faith.

Although the formal requirements for letters of consent are clearly stipulated in the Industrial Property Law, the doctrine and precedents are yet to be formed. Consequently, upcoming decisions should provide greater clarity on how these matters will be handled. **WTR**