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Retail services chaos in Class 35

Trouble is brewing in the trademark protection system in Turkey. Dr Cahit Suluk looks at the issues, and finds room for improvement

Turkey, having adhered to the Nice Agreement in 1996, practices the Nice classification system in trademark registration procedures and allowed trademark registrations in Class 35 for retail services for all goods during between 1999 and 2011 by simply stating plainly "bringing variety of goods together" (retail services for all goods). On the flipside, if the applicant filed a trademark with a limitation in the specification, namely limiting the retail of goods to a specific sector (for example, retail services in the textile sector), then that application would be denied in Class 35 (retail services for limited sectors). However applications entering Turkey via the Madrid Protocol were not subject to this examination and they matured into registrations with retail services for limited sectors in their list of goods.

In the Office of Harmonization for the Internal Market's (OHIM) *Giacomelli* decision (2000) with regards to the protection in Class 35, the possibility of having trademarks in Class 35 with a limited sector description was not mentioned, much to the annoyance of interested groups. In 2001, OHIM issued a communication recommending that applicants filing Community trademarks (CTMs) should indicate the field of retail and list the goods that they are interested in selling.

However, many trademark owners went ahead and filed retail services for all sectors registrations, ignoring OHIM's communication. For this reason, the European Court of Justice (ECJ) issued the *Praktiker* decision in 2005 and the *O Store* decision in 2008, which consolidated the earlier decision, when confronted with the above problem.

In its *Praktiker* decision, the ECJ requested the applicants to limit the specification of goods where the retail services in any specific sector was mentioned in Class 35. In October 2005, OHIM issued another communication (No 7/2005), making retail services for limited sectors mandatory, forcing applicants to detail the sectors in which their goods are to be sold at retail for protection under Class 35.

However, when providing the details of goods, it was not necessary to mention each and every item in CTM applications. Simply stating the goods as "retail service of construction materials" or "retail service of food and beverage" were found to be enough. OHIM also presented an opinion that in conflicts between trademarks claiming retail services, earlier rights would be considered as registered in Class 35 for retail services for those goods "which have actually been sold at retail".

As a result of this opinion, Class 35 protection was only given to those goods that are actually sold at retail.

Due to these developments, the Turkish Patent Institute (TPI) issued an amendment (October 2011) declaring that an application for retail services for all sectors would not be a barrier to the registration of an application for retail services for limited sectors in Class 35. In a separate text published on its website on the same day, the TPI then said that an application for retail services for all sectors would not be allowed and applicants would have to mention the specific sectors (for example, textile, construction and furniture) in applications filed in Class 35 for retail services.

These new arrangements and announcements have created a chaotic environment in practice, because many trademark attorneys that have clients with trademarks registered for retail services for all sectors advised them to file new applications for Class 35 and mention each and every goods that they are interested in so that they do not lose any rights.

After these developments, the owners who have trademarks in Class 35 as retail services for all sectors were dissatisfied and they believed that their acquired rights were violated. In response, the TPI declared on 3 December 2011 in a notice that trademarks registered for retail services for all sectors before the notice date would prevent the registration of latter trademarks for retail services for limited sectors and trademarks filed for retail services for all sectors after the notice will not be accepted. However, as applications for retail services for all sectors would not be allowed by the TPI according to the above notice (except the ones enter via Madrid Protocol), in practice trademarks registered for retail services for all sectors prevent the registration of latter trademarks for retail services for limited sectors.

Furthermore, the above mentioned notice has never been put into practice and it was in fact annulled in January 2012.

In practice, we face two main problems. The first one is the conflict between a previously registered trademark in Class 35 for retail services for all sectors and a latter applied trademark filed again in Class 35 but for retail services for limited sectors (service-service conflict). The second one is the conflict between a previously registered trademark in Class 35 for retail services for all sectors and a latter trademark filed for goods grouped in Classes 1 to 34, or sometimes vice versa (service-goods conflict).

So far, the above conflict was in fact related to the conflict within the Class 35 itself (service-service conflict). According to the second problem mentioned above, it is unclear whether applications for retail services for all sectors in Class 35 constitute barriers (service and goods conflict) to applications filed for any of the classes

of goods between Class 1 and 34. Should a registration filed for Class 35 block an application filed for goods in Classes 1 to 34? The interpretations of courts and the TPI regarding this issue will be discussed below.

The practice of the TPI

Despite all of its announcements and regulations, the TPI did not change its practice and applied the rule of 'plenty involves less' and adopted that retail services for all sectors block trademarks for retail services for limited sectors (service-service conflict). From this, it can be said that the TPI's and OHIM's practice obviously differ from each other in terms of conflicts between service and service. In addition to this, after the TPI notice dated 2011, applicants were not allowed to file trademark applications for retail services for all sectors except the ones that enter Turkey via Madrid Protocol. Applicants are required to mention each and every good that are to be sold at retail in Class 35. In practice, some applicants cut and copy the goods in Classes 1 to 34 and add them into Class 35, where the goods need to be mentioned. Since it is not possible for the TPI to block such applications by law, this has become the current practice.

The TPI says that trademarks for retail services for all sectors filed in Class 35 will not be a barrier in terms of absolute grounds to applications filed for goods in Classes 1 to 34 (service-goods conflict). However, upon opposition, it may examine the case on relative grounds and rule against by mentioning the threat of likelihood of confusion and by reviewing the actual use of the trademark by the opponent.

The practice of courts

The above explained problem has been reflected to judiciary in the form of whether a trademark for retail services for all sectors in Class 35 shall block or not the applications filed for goods in Classes 1 to 34 (service-goods conflict) and sometimes vice versa.

The judiciary has also taken a look at this problem. In the *Amber* decision (2009) of the Supreme Court of Appeal, the plaintiff had its trademark registered in Classes 3, 5, 8, 26 and 29, when the defendant filed an application for the same mark in Class 35 for retail services for all sectors. The Supreme Court decided during the appeal phase that the plaintiff's trademark would not block the defendant's service mark application in Class 35. However, upon the revision of decision (March 2013), the Supreme Court corrected its decision on the grounds that the commercial activities of the registered goods of the plaintiff were interrelating and complementary with the services covered by the defendant's service mark in Class 35. Thus, an application in

Class 35 for retail services for all sectors should be rejected on the grounds of likelihood of confusion between the goods and services.

There are other decisions of the Supreme Court that have contradicted the Amber decision. In one of these cases, the trademark 'Taç Linen' was filed in Class 35 for retail services for all sectors and is being used in the textile sector only. On the other side, Johnson Company uses and wished to register its trademark 'Clean Linen' in Classes 4 (for candles) and 5 (for air purifiers). The TPI accepted the application of 'Clean Linen' and when the other party filed an opposition to the TPI's decision, the case was brought to the attention of the Ankara 4th Court of IPRs.

The IPR court, by referring to the above decisions of the ECJ and OHIM, decided on the facts that the trademark 'Taç Linen' was actually being used in the textile sector, whereas 'Clean Linen' was being used for different goods. So the court rejected the case, finding that retail services for all sectors would not be a barrier to a registration filed for goods in Classes 1 to 34 (service and goods conflict). As a result, the court decided that a previously registered trademark is and will be protected for the retail services of the sectors in "which the mark is actually being used". Any latter application filed for Classes 1 to 34 for other sectors may also benefit from trademark protection. This judgement was also approved by the Supreme Court.

The opinion and practice of the judiciary is not in harmony with the practice of the TPI. In the frame of new precedent, the TPI is likely to be in the position of changing its practice, which will most probably lead to a revolt of the owners of the previous rights on the grounds of loss of acquired rights.

As far as we can see, the judiciary has not had the last word on whether a previous registration in Class 35 for retail services for all sectors will constitute a barrier before the latter application filed in Class 35 for retail services for limited sectors (service-service conflict).

Actions that should be taken

Trademark owners should take the follow actions:

- Take the conflict to the judiciary at the point when the practices of the TPI and courts differ;
- Emphasise the likelihood of confusion during the opposition phase before TPI;
- Take the legal concepts of bad faith, trademark awareness and genuine ownership into account and pointing them out during the steps taken both before the TPI and courts;
- Set out a strategy by considering that courts rule judgements with a broader point of view than TPI;
- Bring the case to the attention of the court by identifying the goods that the mark with retail services for all sectors is actually being used for; and
- Consider filing an invalidity action based on non-use for five consecutive years if

the trademark you wish to use is already registered in Class 35 for retail services for all sectors but used in specific sector only.

Having a trademark registered in Class 35 for retail services for all sectors makes the classification system meaningless and results in unfair competition. On the other hand, the practice of OHIM is also inconsistent with the "principle of clarity in registration". An amendment implementing sub-classes under Class 35 in the Nice classification system should be considered to avoid confusion. **IPPro**



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