

**MARMARA UNIVERSITY
EUROPEAN COMMUNITY INSTITUTE**

**EXHAUSTION OF TRADEMARK RIGHTS
AND
TRADEMARK LAW IN EU**

Master Thesis

Nevriye (Karatas) Davis

Istanbul – 2006

ABBREVIATIONS	I
ABSTRACT	II
ÖZET	II
INTRODUCTION.....	III
I. INTELLECTUAL PROPERTY RIGHTS.....	1
1.1. INDUSTRIAL PROPERTY RIGHTS	3
1.1.1. Patent	3
1.1.1.a. Conditions of Patentability	4
1.1.1.b. The Scope of the Rights Available Under a Patent	6
1.1.2 Utility Model	7
1.1.3. Design.....	8
1.2 COPYRIGHTS	9
1.3 NEW INTELLECTUAL PROPERTY RIGHTS	11
II. HISTORICAL EVOLUTION OF TRADEMARK LAW.....	13
III. AGREEMENTS FOR THE PROTECTION OF TRADE MARKS.....	14
3.1. PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY (1883).....	14
3.2. THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS	15
3.3. NICE AGREEMENT CONCERNING THE INTERNATIONAL CLASSIFICATION OF GOODS AND SERVICES FOR THE PURPOSE OF THE REGISTRATION OF MARKS (1957)	16
3.4. VIENNA AGREEMENT.....	17
3.5. TRADE MARK LAW TREATY	17
3.6. THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS).....	18
IV. TRADE MARKS	22
4.1. FUNCTIONS OF THE TRADEMARKS	28
4.1.1. Indication of the Origin.....	29
4.1.2. Trade Marks Having a Guarantee Function	29
4.1.3. Advertisement Function	30
4.2. TYPES OF MARKS.....	30
4.2.1. Service Marks.....	30
4.2.2. Collective Marks.....	30
4.2.3. Certification Marks	31
4.3. PROTECTION OF TRADEMARK RIGHTS	32
4.3.1. Use Requirements.....	32
4.3.2 Registration.....	33
4.4. CRITERIA OF PROTECTABILITY	33
4.4.1. Absolute Grounds for Refusal or Invalidity.....	34
4.4.2. Relative Grounds For Refusal or Invalidity Concerning Conflicts with Earlier Rights.....	40
4.5 RIGHTS CONFERRED BY A TRADEMARK.....	46
4.6. LIMITATION OF EFFECTS OF A TRADEMARK.....	50
V. FREE MOVEMENT OF GOODS.....	53

5.1. PROHIBITION OF CUSTOMS DUTIES	54
5.1.1 <i>Prohibition of Any Charges Having an Equivalent Effect to a Customs Duty</i>	55
5.1.2. <i>Prohibition of Quantitative Restrictions and All Measures Having an Equivalent Effect</i>	57
5.2. JUSTIFYING DISCRIMINATORY BARRIERS TO TRADE.....	59
5.3. OTHER GROUNDS FOR VALIDATING DISCRIMINATORY MEASURES	61
6.1. EXHAUSTION OF TRADEMARK RIGHTS AND THE PARALLEL IMPORTS.....	62
6.1.1. <i>International Exhaustion</i>	64
6.1.2. <i>National Exhaustion</i>	65
6.1.3. <i>Regional Exhaustion</i>	66
6.2. EXHAUSTION OF TRADE MARK RIGHTS IN EU	66
6.3. THE LIMITS OF THE EXHAUSTION OF TRADEMARK RIGHTS	75
6.3.1. <i>Protection Against the Importation of Similar Products Bearing a Similar Trademark</i>	75
6.3.2. <i>Protection Against the Parallel Importation of Products That Have Been Repackaged after Being Marketed</i>	76
6.3.3. <i>Protection Against the Parallel Importation of Products That Have Been Relabeled after Being Marketed</i>	81
6.4. THE DOCTRINE OF COMMON ORIGIN	82
VII. EXHAUSTION OF TRADEMARK RIGHTS IN TURKEY	86
7.1. TURKEY AND THE CUSTOMS UNION.....	86
7.2. THE EFFECTS OF CUSTOMS UNION ON THE TRADEMARK LAWS AND THE EXHAUSTION OF TRADEMARK RIGHTS PRINCIPLE IN TURKEY.....	87
CONCLUSION	92
REFERENCES	94

ABBREVIATIONS

CU	: Customs Union
CJ	: Court of Justice
E.	: Esas
EC	: European Community
ECJ	: European Court of Justice
ECR	: European Court Reports
EEC	: European Economic Community
EU	: European Union
GATT	: General Agreement of Tariffs and Trade
H.D.	: Hukuk Dairesi
IHT	: Internationale Heiztechnik GmbH
IP	: Intellectual Property
IPR	: Intellectual Property Right
IS	: Ideal Standard
K	: Karar
n.	: Number
OHIM	: Ofis of Harmonization in the Internal Market
OJ	: Official Journal
p.	: Page
para.	: Paragraph
RG	: Resmi Gazete
T.	: Tarih
TRIPs	: Trade Related Aspects of Intellectual Property
v.	: versus
WIPO	: World Intellectual Property Organization
WTO	: World Trade Organization
Yarg.	: Yargıtay

ABSTRACT

The study begins with the historical background to intellectual property rights and gives a brief explanation about the kinds of intellectual property rights. The historical evolution of the trademarks and the most important international agreements made in this field are introduced. The functions of the trademarks, protection of trademark rights, criteria of protectability and the rights conferred by a trademark in scope of the Council Directive 89/104 and the Council Regulation 40/94 are examined.

To establish a connection between the free movement of goods and the usage of the trademark rights against reaching the aim of a common market, free movement of goods in the EU and the decisions of the European Court of Justice are examined in detail.

Exhaustion of trademark rights and the parallel imports are reviewed along with the decisions of the European Court of Justice. Finally the exhaustion of trademarks in Turkey, the affects of the Customs Union Decision to the parallel trade between Turkey and EU is clarified.

ÖZET

Çalışmanın başlangıç kısmında, fikri ve sinai mülkiyet haklarının tarihçesi ve fikri sinai mülkiyet hakları kısaca anlatılmıştır. Marka hakkının tarihi süreç içerisindeki gelişimi ile bu konuyla ilgili en önemli uluslararası anlaşmalar açıklanmıştır. Çalışmada ayrıca markanın fonksiyonları, marka hakkının korunması ve korunma kriterleri ile markanın sağladığı haklar 89/104 sayılı direktif ve 40/94 sayılı yönetmelik kapsamında incelenmiştir.

Malların serbest dolaşımı ilkesi ile ortak pazar oluşturulması hedefinin sağlanmasında marka hakkının bir engel olarak kullanılması arasında bağlantı kurulması anlamında, Avrupa Birliğinde malların serbest dolaşımı ve Avrupa Birliği Adalet Divanının kararları detaylı bir şekilde incelenmiştir.

Marka hakkının tüketilmesi ve paralel ihracat konuları Avrupa Birliği Adalet Divanı kararları doğrultusunda gözden geçirilmiştir. Sonuç olarak Türkiye'de marka hakkının tüketilmesi ve Gümrük Birliği Kararının Türkiye ile Avrupa Birliği arasındaki paralel ticarete etkileri açıklanmıştır.

INTRODUCTION

As the world is becoming a global market, a group of intellectual property right owners are insisting for a stronger protection for their rights, while another group is insisting for elimination of borders and establishing a world, which has a free trade area.

With the revolutions and inventions in the field of technology today, it is very easy to go from one place to another in the world. To satisfy the consumers' needs the goods are being produced in many different ways and they travel to different countries faster than ever. These changes in the international trade forced countries to make agreements and arrangements such as WIPO, WTO, NAFTA....

The custom union agreements, free trade agreements all aim to establish the free movement of goods. Ideally the free movement of goods raises competition in the market, which is beneficial for the consumers.

Parallel to these changes in the international trade, Turkey had to adopt itself to the changing world and has signed international agreements and changed its legislation in order to find a place in the global market.

Even though there is a tendency to eliminate the barriers to establish a global market, it has seen that, intellectual property rights can be used against the free trade because of its own nature. For this reason, to make a balance with protection and limitation of these rights some main principles are established. Exhaustion of intellectual property rights is one of these main principles that have been accepted in the world. The usage of this principle varies as national, regional and international exhaustion.

It is not the aim of this study to review all the intellectual property rights. The study mainly focuses on the trademark rights in EU, the exhaustion of trademark rights, the different usage of exhaustion principles, parallel trade, usage of the exhaustion principle according to Turkish legislation and the agreements made between Turkey and EU.

I. INTELLECTUAL PROPERTY RIGHTS

Most broadly “Intellectual property rights are the rights given to persons over the creations of their minds”.¹ Intellectual property rights, concerns legal rights associated with the intellectual creative effort or commercial reputation and goodwill and its meaning includes artistic works, films, computer programs, inventions, designs and marks used by traders for their goods or services.²

Many countries uses different terms to describe intellectual property rights to make a distinction between the other kinds of property rights. For instance British uses the term “immovable property” for the intellectual rights to make a distinction between the movable property.^{3 4} Even though there are numerous of different kinds of terms used for describing these intellectual and artistic creation and commercial reputation rights, it is agreed by the Convention Establishing the World Intellectual Property Organization⁵ the term “intellectual property rights” should be used while defining the literary, artistic and scientific works, performances of performing artists, phonograms, and broadcasts, inventions in all fields of human endeavor, scientific discoveries, industrial designs, trademarks, service marks, and commercial name and designations, protection against unfair competition, and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.⁶ As well as Convention Establishing the WIPO,

¹ Trips : What are IPRS? What are intellectual property rights?
http://www.wto.org/english/tratop_e/trips_e/intel1_e.htm, 21.02.2006.

² Bainbrigde, David I (1992). *Intellectual Property*, London, p.3.

³ Aslan, Adem (2004). *Türk ve AB Hukukunda Fikri Mülkiyet Haklarının Tükenmesi*, İstanbul, p.6.

⁴ Tekinalp claims that German law uses the term “Heitz” , Switz law uses the term “immaterielgüterrecht” which means the immaterial rights to describe the intellectual property rights.

⁵ Signed at Stockholm on July 14, 1967 and ammended on September 28, 1979.

⁶ Article 2 (viii) of the Convention Establishing the World Intellectual Property Organization.

TRIPs⁷ agreement also used the term; “intellectual property rights” in its name, preamble and in article 7 of the agreement.

Intellectual property has a long history, it is claimed that a grant for a two-year monopoly on a recipe found among the ruins of a second-century Greek town to the 14th century monopolies for glass making and mining techniques, and it is the strongest evidence of the inception of the intellectual property rights.⁸

With the invention of the printers, in 1455, the press and publication rights occurred. In 1469, the press and publication right of a book was granted to a publisher in Venice, for the first time.⁹ The first act that has given copyrights on the intellectual property rights was declared in 1709, England and instead of this act, Copyright Act came into force in 1775.¹⁰ Since the World War II the world has been globalizing, and the importance of the intellectual property rights has a great importance in commercial business in this competing environment. Since the early centuries the intellectual property rights has evolved with the development of the society, needs and the markets. As a result of this evolution today new and different form of intellectual property, such as geographical signs, rights in performances, computer programs, domain names, rights on semiconductor chips, plant and seed varieties protection rights has emerged. Since the subject of this thesis is the trademarks and the exhaustion of trademarks, all the categories of the intellectual property rights will not be examined in this thesis. In this section the four main categories of intellectual property as stated in the Paris Convention of 1883, will be examined briefly.

⁷ Trade Related Aspects of Intellectual Property Rights.

⁸ Keyder, Virginia Brown (1996). Intellectual Property Rights and Customs Union, Istanbul, p.126.

⁹ Aslan, Adem (2004). Türk ve AB Hukukunda Fikri Mülkiyet Haklarının Tükenmesi, Istanbul, p.9.

¹⁰ Aslan, Adem (2004). Türk ve AB Hukukunda Fikri Mülkiyet Haklarının Tükenmesi, Istanbul, p.9.

1.1. Industrial Property Rights

1.1.1. Patent

Patent is a right that gives its owner a monopoly, in respect of an invention that is applicable in industry, which surpasses the state of art.¹¹ An invention is a novel idea that solves a specific problem in the field of technology.¹² An invention may relate to a product or a process. The protection of the patent is limited in time, generally 20 years.

The patented invention may not be exploited in the protector country by the persons other than the owner of the patent unless there is a consent of the owner.

It should be noticed that the word patentee does not always reflect the actual person who made the invention. Even if someone steals the inventor's idea and gets his patent application first, the law protects the usurper.¹³ Many inventions are made by the employees and usually the employer is the proprietor although the inventor will still be named as the inventor in the patent, so the owner of a patent is the person who is registered as the proprietor.¹⁴

¹¹ Bainbridge, Davis I (1992). Intellectual Property, London, p.7.

¹² Güdüm, Sinem (1998). "Intellectual Property Rights in the European Union and the Evolution of Trademarks together with the "Exhaustion of Rights Principle" in Scope of the Customs Union, Marmara University European Community Institute, Master Thesis, p.8.

¹³ Horner, Simon (1987). Parallel Imports, Great Britain, p.42.

¹⁴ Bainbridge, David I. (1992), Intellectual Property, London, p.8.

1.1.1.a. Conditions of Patentability

Patentable Subject Matter

Patentable subject matter is usually defined in terms of the exceptions to patentability. The general rule being that patent protection shall be available for inventions in all fields of technology.

Examples of fields of technology which may be excluded from the scope of patentable subject matter includes the following¹⁵ :

- discoveries of materials or substances already existing in nature;
- scientific theories or mathematical methods;
- plant or animal varieties, or essentially biological processes for the production of such plant or animal varieties, other than microbiological processes;
- schemes, rules, methods, such as those for doing business, performing purely mental acts or playing games;
- methods of treatment for humans or animals, or diagnostic methods practiced on humans or animals.

The TRIPS Agreement (Article 27.2 and 27.3) specifies that Members may exclude from patent protection certain kinds of inventions, for instance inventions the commercial exploitation of which would contravene public order or morality.

Similar exceptions to patentability are mentioned in Article 6 of the Decree with the Force of Law No.551 Concerning the Protection of Patent Rights under the heading "Inventions Excluded From Patent Protection".

¹⁵ The European Patent Convention.

Industrial Applicability

An invention, which is subject to a patent, should not be purely theoretical. It must have industrial applicability.

According to Article 10 of the Decree Law No.551 Pertaining to the Protection of Patent Rights; "if the invention is capable of production or use in any branch of industry, including agriculture, it will be considered industrially applicable."

Novelty

An invention is new if it is not anticipated by the prior art. "Prior art" is, in general, all the knowledge that existed prior to the relevant filing or priority date of a patent application, whether it existed by way of written or oral disclosure.

The disclosure of an invention so that it becomes part of the prior art may take place in three ways, namely;

- by a description of the invention in a published writing or publication in other form;
- by a description of the invention in spoken words uttered in public, such a disclosure being called an oral disclosure:
- by the use of the invention in public, or by putting the public in a position that enables any member of the public to use it, such a disclosure being a "disclosure by use".

Publications include issued patent or published patent applications, writings, pictures including photographs, drawings or films, and recording, whether they be discs or tapes in either spoken or coded language. Publication on the Internet must increasingly be taken into consideration.

According to Article 7 of the Turkish Decree with the Force of Law No.551 Concerning the Protection of Patent Rights; an invention, which is not known in the prior art is new. The expression "prior art" is defined in this article as any knowledge related to the subject matter of an invention which has been made public by written or oral presentation or usage or any other means accessible to the public anywhere in the world prior to the date of filing of a patent application.

Inventive Step

The patent protection should not be given to what is already known as a part of the prior art or to anything that a person with an ordinary skill could deduce as an obvious consequence thereof. The expression "ordinary skill" is intended to exclude the "best" expert that can be found.

According to Article 9 of the Decree with the Force of Law No. 551; "Where the invention arose from an activity which could not be anticipated from the prior state of the art by an expert in the relevant field, the prior state of art will be deemed to have been surpassed."

1.1.1.b. The Scope of the Rights Available Under a Patent

The patent owner has the monopoly rights over the subject matter of his patent. This monopoly right means that the individuals or enterprises may not exploit or imitate the invention during the duration of the patent.¹⁶ The monopoly right of the patent holder is defined by "the claims". Claim is usually a single sentence,¹⁷ if necessary chemical or mathematical symbols or diagrams used to define the area in which the patent holder exercises his monopoly powers.¹⁸

¹⁶ Horner, Simon (1987). Parallel Imports, Great Britain, p.45.

¹⁷ WIPO Intellectual Property Handbook (2001). Trips Agreement, p.15.

¹⁸ Horner, Simon (1987), Parallel Imports, Great Britain, p.45.

If a third-party activity falls within the scope of a patent than there is said to be “infringement”. The material rights conferred by the patent rights are listed in Article 73 of the Turkish Decree with the Force of Law No.551. In order to this article, without the consent of the patent holder, the third-parties may not produce, sell, imitate, parallel import, or with this aim may not hold patented goods more than they need. As for the patent right of process the third parties may not use the patented process or sell, import the goods, which are produced by the patented process, or stock goods, which are produced by the patented process.

The patent holder has the right to give licenses to third parties or mortgaging the patent right.

1.1.2 Utility Model

Utility model is a kind of industrial property rights. Utility model protection provides registered protection to inventions, which do not bring an invention as the standard required for a patent.¹⁹ It grants an invention “small” or “less complex” protection than a patent.²⁰ But there is no global acceptance of the term “utility model”. For instance, in Belgium it is referred as “short term patent” or in France as “utility certificate”. There is a lack of harmonization in the field of Utility Models in the international area. But there is a consensus that the level of invention required to obtain the registration is lower than to obtain a patent registration and it has less legal certainty than a patent. The protection is granted for a shorter period (generally 10 years) than a patent protection. Novelty is a criterion in all utility model systems but the standard of novelty varies widely.²¹

¹⁹ Keyder, Virginia Brown (1996), *Intellectual Property Rights and Customs Union*, Istanbul, p.190

²⁰ What is a utility model?

<http://www.ipr.helpdesk.org/controlador/resources/faqs?seccion=CurepoFAQ&len=en&id> (25.07.2006).

²¹ Suthersanen, Uma (2006). “Utility Models and Innovation in Developing Countries” Issue Paper No.13, <http://www.iprsonline.org/unctadictsd/projectoutputs.htm#casestudies> (15.06.2006).

In July 1995 The European Commission adopted Green Paper on Utility Model Protection. Turkish Patent Decree grants protection for the inventions, which are new and industrially applicable.

1.1.3. Design

Design law aroused as a need for the textile industry²², the decrees accepted during the 16'th century to protect the silk producers who lived in Lyon, France are the early examples of the design law. Later in the history the protection of designs were enlarged to any kind of goods that are manufactured. The 1839 Copyright Act, in England is the first code that accepted the design law nation wide.

The EU accepted the Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs and on 12 December 2002, Council Regulation (EC) No. 6/2002 on Community Designs.

The EU 1998/71 Design Directive describes the design in Article 3:

A design of a product which constitutes a component part of a complex product shall only be considered new and to have individual character :

- (a) if the component part, when incorporated into the complex product, remains visible during normal use of the latter, and
- (b) to the extend that the visible features of the component part fulfill in themselves the requirement as to novelty and individual character.

²² Tekinalp, Ünal Tekinalp (2004). Fikri Mülkiyet Hukuku, Istanbul, p. 597.

Turkey accepted the protection of industrial design with Decree No:554. The decree came into effect with the publication in the Official Gazette on June 27, 1995. The Decree accepts the design as a product of a whole part of a work of a part of the work such as the ornaments of that product or the color or the elasticity of that product which can be perceived by the human senses. The Decree follows the original wording of the EU Directive except that the "elasticity" is not found in the EU Directive. The Decree does not protect the design without the product.

The protection is usually granted for 5 years and with a renewal in every 5 years it can be up to 25 years.

1.2 Copyrights

As it is understood from the term it self, copyright refers to the right to copy. The core of the intellectual property rights is borne from the right to copy. Copying can be in many different ways such as taking a picture of an object or recording a sign or voice or a vision to a device such as cd's or tapes, in order to reflect it in another device such as TV or computer.²³ Copyright owner has the right to make and sell copies of particular expression.²⁴ Copyright protects the expression of an idea, the ideas are not protectable under the copyright law.

The rights of a copyright owner can be grouped into two: economic rights and moral rights.

Economic rights are the rights to adopt, reproduce, distribute, performance and broadcast.

²³ Tekinalp, Ünal (2004. *Fikri Mülkiyet Hukuku*, İstanbul, p.170.

²⁴ Akkaraca, Melike (1999). "The Protection of Intellectual Property Rights Within the Framework of The Principle of Free Movement of Goods in the European Union", Marmara University European Community Institute, Master Thesis, p.9.

Moral rights are the author's personal rights, such as to indicate author's name or maintaining the identity of an author's work.

The Berne Convention on Literary and Artistic Works of 1886 was accepted by 11 countries and then revised in 1971 and amended in 1979. This convention was the first step that was taken in order to harmonize the laws in the field of copyrights. The Article 2 of the Berne Convention sets out the works to be protected ;

" ... every protection in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography, works of applied art; illustrations, maps, plans, sketches and three dimensional works relative to geography, topography, architecture or science; translations, adaptations, arrangements of music and other alterations of a literary or artistic work, without prejudice to the copyright in the original work."

The Berne Convention requires a protection period of at least 50 years. European Council extended the rights of an author of a literary or artistic work for the life of the author and for 70 years after his death with a Council Directive in 1993.²⁵ Turkey also accepted to grant a 70 year protection with some exceptions.

²⁵Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights OJ L 290/9.

In the area of Copyright the Related (Neighboring) Rights should also be mentioned. The related rights refers to the rights of performers, producers and broadcasters to authorize or to prohibit the fixation reproduction, distribution and broadcasting their works

1.3 New Intellectual Property Rights

The protection of semi-conductors topographies is designed in the surface of a computer chip, and that is why they are usually named as "chips". They create a new sui generis form of IP outside the scope of traditional categories. The USA was the first country that accepted a protection for the semiconductor chips. The Semiconductor Chip Protection Act came into force in 1984, in USA. European Community accepted the Council Directive on the legal protection of topographies of semiconductor products (87/54/EEC) on 16 December 1986. The Directive requires that all Member States must provide a certain level of protection to the semi-conductors, but the mode of protection; whether it would be patent or design law, was left to the discretion of the member states.²⁶

The Directive defines semi-conductor product as, "... the final or intermediate form of any product : (i) representing the three-dimensional pattern of the layers of which includes a layer of semi-conducting materials; and (ii) having one or more other layers composed of conducting, insulating or semi-conducting material, the layers being arranged in accordance with a predetermined three-dimensional pattern, and (iii) intended to perform, exclusively or together with other functions, an electronic function."

The topography defined in the Directive as, "... a series of related images, however fixed or encoded; (i) representing the three-dimensional pattern of the layers of which a semiconductor product is composed; and (ii) in which the series,

²⁶ Keyder, Virginia Brown (1996). Intellectual Property Rights and Customs Union, Istanbul, p.198.

each image has the last pattern or part of the pattern of a surface of the semiconductor product at any stage of its manufacture.”

The directive protects the three-dimensional pattern created by layers of circuitry²⁷, against the reproduction, commercial exploitation and importation for a period of 10 years starting from the first commercial exploitation.

On April 30, 2004 Turkey accepted the protection of topographies with the code number 5147.

²⁷ Keyder, Virginia Brown (1996), Intellectual Property Rights and Customs Union, Istanbul, p.165.

II. HISTORICAL EVOLUTION OF TRADEMARK LAW

Trademarks have been used since early ages. In Roman times embossing or impressing a mark on a pottery was very common.²⁸ It is not surely known, when a rose or any kind of flower motive stitched on the underwear of kings in the beginning of middle age was to distinguish whether that product belong to a family or represents a work of the producer of that good.²⁹ But also it is known that the guilds required their members to attach a distinctive mark on their wares in order to identify the original producer of that good. By this way these marks helped guild authorities to trace and punish those who produced more than their quota or indulged in price-cutting.³⁰

At the beginning 16th century, the trademarks were used as a symbol of quality control³¹ and by the end of the 16th century, shopkeepers used signs to illustrate their trades very commonly and started using an early form of business card.³² The industrial revolution raised the importance of trademarks. During the 19th century trademarks became a form of liability. The trademarks were used in the area of advertising. Today the trademarks have enormous economical value and they became an economical asset. Consumers value trademarks because they indicate the quality of that product. With the evolution of the economical value of the trademarks, the competition between the companies became a growing problem in the international trade relations. The counterfeiting and piracy problems occurred. As a result of these problems some agreements and arrangements had to be signed and done in the international arena.

²⁸ Bainbrigde, David I. (1993), Intellectual Property, London, p.359.

²⁹ Tekinalp, Ünal (2004). Fikri Mulkiyet Hukuku, Istanbul, p.333.

³⁰ Fuller, Baden C.W.F. "Economic Issues Relating to Property Rights in Trademarks: Export Bans, Differential Pricing, Restrictions on Resale and Repackaging", European Law Review, Volume 6, 1981, p.163.

³¹ Fuller, Baden C.W.F. "Economic Issues Relating to Property Rights in Trademarks: Export Bans, Differential Pricing, Restrictions on Resale and Repackaging", European Law Review, Volume 6, 1981, p.164.

³² Bainbrigde, David I (1993). Intellectual Property, London, p.359.

III. AGREEMENTS FOR THE PROTECTION OF TRADE MARKS

3.1. Paris Convention for The Protection of Industrial Property (1883)

Paris Convention does not only provide protection for the trademarks it also protects patents, utility models, industrial design, indications of source and repression of unfair competition (Article 1).

Paris Convention created a registration system for the trademarks. Any person that fills an application for registration of a trademark in one of the contracting states, and if nothing occurs during a limited time period of 6 or 12 months respectively than the applicant has the priority right to register the same trademark in every other contracting state (Article 4).

According to the Convention, there is no obligation to register the trademark first in the country of the origin, the contracting parties may not refuse the registration basing on this reason (Article 6 and 7).

For the effective protection all goods unlawfully bearing a trademark or trade name shall be seized on importation into those countries of the contracting states where such mark or trade name is entitled to legal protection (Article 9).

Article 10 provides protection against unfair competition. The Convention has provisions about protection of service marks, business names, national emblems, official signs, collective marks and well-known marks.

3.2. The Madrid Agreement Concerning the International Registration of Marks

After the Paris Convention the most important Agreement about the trademarks is the Madrid Agreement. The Agreement was signed in 14 April 1891. It was revised at Brussels (1900), at Washington (1911), at the Hague (1925), at London (1934), at Nice (1957) and at Stockholm (1967). Turkey was a party to Madrid Agreement from 1930³³ to 1955³⁴.

All member states of the European Union except Denmark, Greece, Ireland and the United Kingdom signed the Madrid Agreement. Those countries of EU, which did not sign the agreement, also including Turkey became a party only to The Madrid Protocol relating to it, which was adopted on June 27, 1989. Turkey joined the Protocol in 1997.³⁵ The protocol came into force to mitigate deficiencies of the Agreement and states that even those countries that did not sign the Madrid Agreement shall be member of the same union that was created by it (Article 1).

The Madrid Agreement created an International Bureau of Intellectual Property. The applicant must be a national of a country party to the Madrid Agreement or a person having his domicile or real and effective industrial or commercial establishment in such a country. Applicant can be a natural person or a legal entity. By submitting a single application to the Central Registration Bureau (of WIPO), the applicant may obtain a protection for that mark in all the other contracting parties.

After submitting an application WIPO forwards the application to the national registries of the countries designated by the applicant. Any notification or refusal by the Office of a designated country must be send to WIPO with in a time limit of one year. The Madrid Protocol provides exceptions for that time frame and

³³ RG. 29.05.1930, No:1506.

³⁴ RG. 20.07.1955, No:9059.

³⁵ RG. 22.08.1997, No:23088.

according to the Protocol the refusals can be declared 18 months or longer under certain conditions.

According to the Agreement the registry is granted for a period of 20 years and it is renewable upon extra payments but the Protocol reduced the registration of a mark from 20 years to 10 years. A change in the name of the holder etc. may be recorded in the International Register upon request.

The Madrid Protocol introduced major innovations into the Madrid system. According to the Madrid Agreement an international application must be based on a national registration in the country of origin. As a result of this if the home registration is cancelled than the international registration and all the resulting rights in the dependant countries also cease to exist. The Protocol allows the applicants to transfer the dependant registrations into national registrations, by reapplying in each foreign jurisdiction individually.

3.3. Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks (1957)

As it is understood from the title, the Nice Agreement provides a classification of goods and services for the purposes of registering trademarks and service marks. The Agreement was concluded on June 15, 1957 and it was revised at Stockholm in 1967 and at Geneva in 1977 and it was amended in 1979. Today only 72 States are party to the Nice Agreement. Turkey signed the Agreement in 1995³⁶. The agreement is open to States party to the Paris Convention for the Protection of Industrial Property.

According to the Agreement the services and goods consist a list of classes depending on their common specialties. There are thirty-four classes for the

³⁶ RG. 13.08.1995, No: 22373.

goods and eleven for the services. The Class Headings describe the nature of the goods and services, and the Explanatory Notes give a detailed description of the type of the product or service. The goods and services are listed in alphabetical order. Both lists are from time to time amended by a Committee of Experts on which all contracting States are represented³⁷. A new edition is published every five years. The current (8'th) edition has been in force since January 1, 2002.

Article 2 of the Agreement states that the States are allowed to accept the Nice Classification system either as a principle or as a subsidiary system. The Agreement is not binding as long as the Member State does not agree otherwise.

3.4. Vienna Agreement

The 1973 Vienna Agreement provides a classification of figurative elements. It also provides a classification of symbols for marks. The purpose of the agreement is to establish an easier way to code the figurative marks.

3.5. Trade Mark Law Treaty

The Trade Mark Law Treaty was concluded in 1994 and is open to States party to WIPO Convention and to Paris Convention.

The Treaty is design to simplify and harmonize the procedures of the trademark registration systems. The registration procedure of the Treaty can be divided into three main phases: An application for registration changes after registration and renewal. Each phase clearly states what a trademark office can or cannot require form the applicant.

³⁷ Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)
http://www.wipo.int/treaties/en/classification/nice/summary_nice.html (26.06.2006).

3.6. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)

The differences in the intellectual property legislation of the countries caused many problems on the path of achieving a consensus on protection of intellectual property rights. The GATT³⁸ Uruguay Round negotiations offered another forum for solving these problems.

The Uruguay Round was concluded on December 15, 1993. The TRIPs Agreement is Annex 1C of the Marrakech Agreement Establishing the World Trade Organization (WTO Agreement) was adopted on April 15, 1994. The WTO Agreement including TRIPs Agreement entered into force on January 1, 1995. Turkey approved the WTO Agreement on January 26, 1995.

TRIPs goes beyond rectifying the terms of trade between nations, it covers all basic forms of IP rights.³⁹ The TRIPs Agreement establishes the most extensive protection to intellectual property rights among all the international agreements. Only breeders' rights and utility models are not included to the Agreement. The rules of the Agreement are supplementary to those of the existing international conventions.⁴⁰ ⁴¹ Article 2 of the Agreement sets the relationship between the TRIPs and Paris Convention, WTO members must comply with the Articles 1-12 and 19 of the 1967 revised version of the Paris Convention.⁴²

The Member States of WTO were granted different transition periods by the TRIPs Agreement. Developing countries should implement their obligations until year

³⁸ The General Agreement on Tariffs and Trade.

³⁹ Einhorn, Talia. "The Impact of the WTO Agreement on TRIPs (Trade Related Aspects of Intellectual Property Rights) on EC Law: A Challenge to Regionalism", Common Market Law Review Volume 35, Number 5, 1998, p.1071.

⁴⁰ Einhorn, Talia. "The Impact of the WTO Agreement on TRIPs (Trade Related Aspects of Intellectual Property Rights) on EC Law: A Challenge to Regionalism", Common Market Law Review Volume 35, Number 5, 1998, p.1071.

⁴¹ First Recital of the Preamble, Articles 1(3), 2, 3(1), 4(1).

⁴² Yasaman, Hamdi & Yusufoglu Fülüraya (2004). Marka Hukuku, Istanbul, p.37.

2000⁴³ and the least developed countries should until the year 2006.⁴⁴ Also the “economies in transition” have right to postpone their obligations until the year 2000.⁴⁵

The TRIPs Agreement sets a provision which states that the during a transitional period the benefiting country can not downgrade its level of protection of intellectual property rights.⁴⁶

The TRIPs Agreement also requires, if there is a request or mutually agreed terms etc., developed country members to provide cooperation on technical and financial issues in favor of developing and least developed country Members.⁴⁷

The National Treatment and the Most-Favored-Nation Treatment principles are accepted by TRIPs Agreement.⁴⁸ These principles applied to nationals because IP rights are private property rights. Since Paris Convention extends the benefits of the non-nationals, such as having a domicile or having a real or industrial establishment in the territory of a Union Member, TRIPs Agreement agrees to apply these principles to the natural or legal persons who qualify as nationals according to the Paris Convention. The TRIPs Agreement allows member states to implement trademark protection beyond the minimum standards, but also requires that each member state must extend the same rights to nationals of the other member states.

The Most-Favored-Nation Treatment prevents a member preferring its own citizens over non-nationals from other member states while at the same time prohibits discrimination between nationals of different member states. According to this principle, any advantage, favor, privilege or immunity granted by a Member

⁴³ Article 65 (2).

⁴⁴ Article 66 (1).

⁴⁵ Article 65 (3).

⁴⁶ Article 65 (5).

⁴⁷ Article 67.

⁴⁸ Articles 3 and 4.

to the nationals of any other country (whether a member or not) shall be accorded immediately and unconditionally to the nationals of all other Members.

Article 6 of the TRIPs Agreement deals with the exhaustion of rights. It states that “for the purposes of dispute resolution, subject to the provisions of Articles 3 and 4 nothing in this Agreement shall be used to address the subject of exhaustion of intellectual property rights”.

Articles 3 and 4 of the Agreement deal with the national treatment and the most favored nation treatment principles. It looks like TRIPs drafters left the choice to each Member State. The Member States are free to adopt the doctrine of exhaustion as they wish (national, regional or international). The academicians have been arguing about applying the TRIPs most favored nation principle would not help to extend the EC rules regarding to other WTO Members because the discrimination is based on the origin of the goods rather than the nationality of the parallel importer. According to Talia Einhorn, since the right of establishment in the EC and the right to provide services are granted only to EC nationals, the EC rules of exhaustion would favor EC nationals.⁴⁹

Section 2 of the TRIPs Agreement provides rules about the scope and use of the trademark rights. TRIPs Agreement has defined what kind of symbols or signs could be deemed in the protection area of trademarks. Trademarks are signs or symbols (including logos and names) registered by a manufacturer or merchant to identify goods and services. A valid trademark allows the owner to exclude from commerce imitations likely to mislead the public.

The nature of the goods or services to which a trademark is to be applied, should not form an obstacle to the registration of the mark.⁵⁰ The Member States have

⁴⁹ Einhorn, Talia. “The Impact of the WTO Agreement on TRIPS (Trade Related Aspects of Intellectual Property Rights) on EC Law: A Challenge to Regionalism” , Common Market Law Review Volume 35, Number 5, 1998, p.1084.

⁵⁰ Article 15 (4).

to publish the trademarks and have to give opportunity to cancellation and opposition to the registration.⁵¹ The owner of a registered trademark has the exclusive right to prevent all third parties, not having the owner's consent, from using in the course of trade, identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered (where such use would result in a likelihood of confusion).⁵² Certain restrictions⁵³ and compulsory licensing of trademarks is not allowed.⁵⁴

Protection is usually granted for ten years, and is renewable as long as the trademark continues to be used. Every renewal time period will be valid for minimum seven years. Agreement puts forward the same protection system for both service trademarks and trademarks for goods.

⁵¹ Article 15 (5).

⁵² Article 16 (1).

⁵³ Article 20.

⁵⁴ Article 21.

IV. TRADE MARKS

Since the early centuries trademarks have already been existed. Trademarks started to play an important role with the industrialization, and they became a key factor in modern world of international trade and market-oriented economies. Consumers need to be given guidance that will allow them to consider the alternatives and make their choice between the competing goods for this reason trademark law is getting more and more important everyday.

Article 2 of the European Community Trade Marks Harmonization Directive⁵⁵ (The "Directive") defines trademark as;

"A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings."

A similar definition is made in TRIPs Agreement;

"Any sign, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is virtually perceptible. Such signs, in particular words including personal names, letters, numerals, figurative elements and combination of colors as well as any combinations of such signs, must be eligible for registration as trademarks. Members may require, as a condition of registration, that signs be visually perceptible."⁵⁶

⁵⁵ First Directive 89/104/EEC of the Council of December 21, 1988 to Approximate the Laws of the Member States relating to Trade Marks (OJ L 40, February 11, 1989, 1).

⁵⁶ Article 15/1 of the TRIPs Agreement.

In USA the federal Lanham Act defines that a trademark is a designation used to “identify and distinguish” the goods of a person.⁵⁷

A trademark can be a word, sign, phrase, symbol, design or combination of words, phrases, signs, symbols or designs as long as it distinguishes and identifies the source of the goods and services of one party from those of others.

As it is stated both in the Directive and TRIPs Agreement, signs, which are going to be registered as trademarks must be perceptible and represented graphically. Most of the countries allow registration only of signs that can be represented graphically, because only they can be physically registered and published in a trademark journal to inform the public of the registration of the trademark.⁵⁸

In Turkey, Trademark protection is guaranteed by the Decree Law No. 556 pertaining to Protection of Trademarks. It is in force as from June 27,1995 and amended by the law No.4128 as of November 7,1995. Different from the TRIPS Agreement, Turkish Decree Law does not require visual perception of a trademark. This issue is commented as that the smells, tastes or even sounds can be registered as trademarks.⁵⁹ If a sound can be put into notes or smell can be formulated, than they both can be registered as trademarks. The United States is the first country to have recognized the registrability of a smell mark-fresh floral fragrance reminiscent of Plumeria blossoms for sewing thread and embroidery yarn- in 1990.

In determining what can qualify as a trademark, it is important that, that symbol, word, phrase etc. should be so distinctive that it is capable of performing the function of identifying and distinguishing the goods that bear that symbol, word, phrase etc. This rule is known as the “distinctive character of a trademark”.

⁵⁷ Lanham Act § 45, 15 U.S.C.A § 1127.

⁵⁸ WIPO Intellectual Handbook (2001).Geneva, p.69.

⁵⁹ Tekianlp, Ünal (2004). Fikri Mülkiyet Hukuku, Istanbul, p. 340.

To give distinction to a trademark there are some requirements:

- The trademark should not be a generic term, which defines a category or type to which the goods belong.
- The trademark should not be a descriptive sign that serves to designate the kind, quality, intended purpose, value, place of origin or any other characteristics of the good for which the symbol is intended to be used.
- The test of whether if a trademark is distinctive or not depends on the understanding of consumers or at least the person to whom it is addressed.⁶⁰
- A reference to geographical origin may be distinctive as long as it is an unknown place or when there is no other manufacturer in that area.
- Letters numerals and basic geometrical shapes can be distinctive when they are in a fanciful device.
- The use of words and devices in colors or combined with color generally increases their distinctiveness. Signs consisting exclusively of individual color or color combinations can be registrable as trademarks.
- Meaningless words are generally more distinctive. A very famous example of this category is "KODAK" (it has no meaning at all).
- Common words from daily language can be highly distinctive if they communicate a meaning that is arbitrary in relation to the product on which they are used. For example the word "APPLE" cannot be registered for apples but "APPLE" mark (both the word and the device) is very distinctive for computers.

In the Directive and TRIPs Agreement, signs, which can be registered as trademarks are listed. These signs are not limited any sign which has a distinctive character can be registered as trademark. Since the purpose of trademark is distinguishing goods from other goods and any sign, which can visually perceptible

⁶⁰ WIPO Intellectual Handbook (2001). Geneva, p.70.

and has a distinguishing character, trademark laws should not therefore attempt to draw up an exhaustive list of signs admitted for registration.

The following kinds of and categories of signs can be considered as trademarks:

Words : Any word, whether invented or not, scientific, daily used or surnames, company names, slogans can be registered as a trademark as long as that word does not have relation with the product on which it is used or does not have a direct reference to the character or quality of goods. The invented words must be newly coined and must convey no obvious meaning to the consumer.⁶¹ The trademark can be consist of more than one word. In the "Baby Dry" decision, Court Of Justice decided that even though each word it self in the "Baby Dry" represents the characteristics of the baby diphers, the combine usage of these two words is unusual and has a distinguishing character.⁶²

Letters and Numerals : A single letter or a numeral does not have a distinguishing character.⁶³ When a single letter or a numeral gains a distinguishing character than it can be registered as a trademark.

Drawings : A drawing of a plant or an object or an animal can be registered as a trademark. Companies usually register drawings of a cat, dog, bear etc. as their trademark. The drawing of a crocodile is used for the famous "Lacoste" brand.

Logos : A logo is a symbol of graphic designs or drawings. If a logo is new and has a distinctive character than it can be registered as a trademark. The combination of a two, upside down form of letter "C" is forms logo of "CHANEL".

Colors : The Directive does not refer to colors in the Article 2. Also the Council Regulation EC/40/94 does not accept colors as a trademark. Madrid Protocol refers

⁶¹ Bainbridge, David I. (1993). Intellectual Property, London, p. 366.

⁶² CJ, C-383/99p 20.09.2001.

⁶³ Yasaman, Hamdi (2004). Marka Hukuku, Istanbul, p.74.

to colors in Article 3. TRIPS Agreement as mentioned above accepts colors as a trademark. Court of Justice decided that a single color can be registered as a trademark. On the other hand in *Viking-Umwelttechnik v OIHM* the Court of Justice held that the combination of the colors green and grey were not unusual and they were not arranged in a specific way. Therefore, it was not distinctive in relation to garden tools.⁶⁴ In *Libertal Groep BV v. Benelux – Merkenbureau* case (6 May 2003)⁶⁵, the Court of Justice was asked to rule on whether, a single color could be registered within art. 3 of the Directive 89/104.

The ECJ held that a single color may have a distinctive character however three conditions had to be satisfied in order to decide whether a trademark capable of constituting a trademark.

- a- It had to be a sign. A color could be a sign in relation to a product or service, depending on the context of its use.
- b- It had to be capable of graphic representation. For that purpose it had to be clear, precise, self-contained, easily accessible, intelligible, durable and objective.
- c- It had to be capable of distinguishing the goods or services. Distinctiveness of a color without prior use was virtually inconceivable, but it was possible for a color to acquire distinctive character in relation to particular goods or services following use of it under article 3 (3).

Color marks are likely to be registered in Europe if they are combined with other features in a composite mark or if there is sufficient evidence of use of color or colors alone.⁶⁶

Three-Dimensional Signs : A typical category of three-dimensional signs is the shape of the goods and their packages. Usually three-dimensional signs are used

⁶⁴ Case T-316/00, *Viking-Umwelttechnik v OIHM*, [2002] ECR II-3715, Case T-173/00, *KWS Saat v OHIM*, [2002] ECR II-3843.

⁶⁵ Case C-104/01 *Libertal Groep BV v. Benelux – Merkenbureau*, [2003] ECR I-3793.

⁶⁶ Hidaka, Seiko & Tatchell, Nicola & Daniels, Mark & Trimmer Bonita & Adam Cooke. "A Sign of the Times? A review of Key Trademark Decisions of the European Court of Justice and Their Impact Upon National Trademark Jurisprudence in the EU", *The Trademark Reporter*, Vol.94, No.5, September-October 2004, p.1128.

in industrial designs. If this design is new and distinctive than it can be protected by the Directive as well as the Directive 98/71/EC on the Protection of Designs.⁶⁷ While industrial designs have a protection time frame up to 25 years, trademarks are protected for longer period of times depending on renewals. The Directive and the Regulation accepts registration three-dimensional signs as trademarks. The criteria for assessing the distinctive character of three-dimensional trademarks consisting the shape of the product itself are no different form those applicable to other categories of trademarks.

In United States the term “trade-dress” is used for an image of a product, which represents the form, feeling, shape or combination of colors of that product. The style of a serving system of a company can be registered as a trademark. To create a trademark or a trade dress rights, a designation must be proven to perform the job of identification: to identify one source and distinguish it from other sources.⁶⁸ If it does not do this then it is not protectable as a trademark or a trade dress or any similar exclusive right. For example in United States, the “Hard Rock Cafe” has a trade-dress right because of the inside decoration and its menu, that reminds the rock and roll music.

Olfactory Marks (Smell Marks) : In the *Sieckmann case*⁶⁹ the applicant wanted to register an olfactory sign which has a balsamically fruit scent with a slight hint of cinnamon. Two questions were referred to ECJ, whether a mark, which cannot be reproduced visibly can nevertheless be reproduced with certain aids, and whether the requirement for graphic representation in Article 2 is met when an odor is reproduced by a chemical formula, a description, a sample or a combination of these elements.

⁶⁷ Directive 98/71/EC of the European Parliament and of Council of 13 October 1998 On the Legal Protection of Designs, OJ L 289 p.28-35.

⁶⁸ McCarthy, J. Thomas (2004). McCarthy on Trademarks and Unfair Competition, Danvers, p.3-5.

⁶⁹ Case C-273/00, Ralf Sieckmann v. Deutsches Patent – und Markenamt, [2002] ECR I-11737.

Court of Justice held that if the trademark meets the following criteria; it must be clear, precise, self contained, easily accessible, intelligible, durable and objective and also graphically represented by means of images, lines or characters than it could be registered. ECJ decided that the registration of an odor by a chemical formula does not meet the criteria in order to accept olfactory signs as trademarks. Signs that are not visually perceptible and not easily accessible or graphically represented cannot be registered as trademarks. A formula of an odor or a description of that odor cannot be accepted as a graphical representation. "The policy behind this decision was to enable the people checking the trademarks register to be clear about what is registered."⁷⁰ According to Robert Burrell, the Sieckmann decision was not a reflection of the Court's attitude towards scents and smells, the Court was trying to identify and apply a logic to internal trademark system.⁷¹

Audible Signs (Sound Marks) : The melodies or the sounds that can be transcribed in musical notes can be registered as trademarks. In the *Shieldmark Decision*⁷² ECJ considered the criteria for the registration of audible signs. Shield Mark wanted to register a sound mark which was made up of the first nine notes of "Für Elise". The Court decided that if the sound mark meets the criterion set with the Sieckmann case then they could be registered.

4.1. Functions of the Trademarks

Considering the facts that a trademark is a connection between the producer and the consumer of a product, there are three functions of a trademark.

⁷⁰ Hidaka, Seiko & Tatchell, Nicola & Daniels, Mark & Trimmer Bonita & Adam Cooke. "A Sign of the Times? A Review of Key Trademark Decisions of the European Court of Justice and Their Impact Upon National Trademark Jurisprudence in the EU", *The Trademark Reporter*, Vol.94, No.5, September-October 2004, p.1124.

⁷¹ Burrell, Robert. "Making Sense of Trademark Law", cited at westlaw.com. at I.P.Q.2003, 4, 338-410.

⁷² Case C-238/01, *Shield Mark BV v. Joost Kist (t/a Memex)*, [2004] ECR 00.

4.1.1. Indication of the Origin

Trademarks help to indicate by whom that product is produced or supplied. In early centuries the indication of the origin of a product was the most important function of a trademark. Especially the franchising systems of the service marks released this important function of trademarks. With the worldwide developing trade systems, today the trade marks help to identify and distinguish the goods or services of an undertaking from the other undertakings. It looks like today the distinguishing function of a trademark is being more important and taking place of the function of the trademarks to indicate the origin.⁷³

4.1.2. Trade Marks Having a Guarantee Function

Trademarks guarantee that, that product or service has certain a certain level of quality. The consumer expects that the product or services under that trade mark always carries the same level of quality. The proprietor of a trade mark has a right to prevent all third parties not having his consent for making changes on the goods and re-selling the products under that trade mark. The guarantee function of a trade mark has an enormous economic importance. The proprietor of a trade mark has to give importance not to loose reputation, quality, customer satisfaction and the economic value of his trade mark. This unwritten enforcement and pressure on the proprietor helps the protection of the consumer in means of quality of a product.

⁷³ Taylan, Esin Çamlıbel (2001). Marka Hakkının Kullanımıyla Paralel İthalatın Önlenmesi, Ankara, p.35.

4.1.3. Advertisement Function

The trademarks effect that products market. The idea of “the trade mark sells the product” improved the importance of the advertisement function of trademarks. If a trade mark gets very well known of famous than it may be very hard for the competitors to get in the market, in some cases this function and power of a trade mark may cause monopolies. Especially the “well-known” marks establish the most powerful weapons of the entities.

4.2. Types of Marks

4.2.1. Service Marks

Signs that enable consumers to distinguish between the different services are called service marks. The service marks fulfill essentially the same origin indicating and distinguishing function for services as trademarks do for goods.⁷⁴

Service marks can be registered, renewed, cancelled, assigned and licensed in the same way as trademarks. Service mark protection can be introduced by a very short amendment to the existing trademark law .

4.2.2. Collective Marks

Trade mark is a sign that individualizes the goods of a given enterprise and distinguishes from the goods of its competitors. A collective mark may be owned by an association which itself does not use the collective mark but whose

⁷⁴ WIPO Intellectual Handbook (2001). Geneva, p.66.

members may use the collective mark.⁷⁵ These kind of marks has a function of indicating that these entities belong to an association. The association typically has been founded in order to ensure the compliance with certain quality standards by its members, and the members comply with the requirements fixed in the regulations concerning the use of that collective mark.⁷⁶

The regulations concerning the use of that collective mark should be notified to the Trade Mark Office. In some countries (for example, Finland, Norway, Sweden) if the collective mark is contrary to the provisions of the regulations or if it misleads the public than it may be cancelled.

The Paris Convention contains provisions on Collective Marks in its article 7^{bis}. According to the Paris Convention the provisions on collective marks ensure that the collective marks are admitted for registration and protection other than the country where the association owing the collective mark has been established.

4.2.3. Certification Marks

A certification mark is a mark that may only be used in accordance with the defined standards and it can be used by anybody who complies with the defined standards. The certification mark does not indicate by whom that good is produced or sold. It only indicated that that product has certain standards.

The entity, which applies for the registration of a certification mark should be competent to certify the products in concern. Also the owner of a certification mark must be representative for the products to which the certification mark applies.⁷⁷

⁷⁵ WIPO Intellectual Handbook (2001). Geneva, p.67.

⁷⁶ WIPO Intellectual Handbook (2001).Geneva, p.67.

⁷⁷ WIPO Intellectual Handbook (2001). Geneva, p.68.

4.3. Protection of Trademark Rights

Trademark can be protected on the basis of either use or registration. Both approaches have developed historically and today trademark systems generally combine the both approaches.

4.3.1. Use Requirements

The user of a trade mark is protected by the trade mark systems under the condition that he is the first one to use that trade mark, even though if the user did not register his trade mark. It would not make any sense to protect trademarks by registration without imposing the obligation to use them.

In United States the protection of trade mark rights occur after the usage of the trademark. Lanham Act requires the usage of that trademark before applying for the registration. As for the Community Trade Marks Council Regulation 40/94 article 45 held that after the registration of procedure is finished than that trademark can be registered as the Community Trade Mark. Even though the Regulation requires a registration in order to confort rights on a trade mark it also accepts that the rights can be protected if the trademark is used. In article 8/4 of the Regulation states that the proprietor of an unregistered trademark in the Community can oppose to the registration of that trademark by someone else.

Article 8/3 of the Turkish Decree Law No: 556 Pertaining to the Protection of Trademarks state that;

“... Upon opposition by the proprietor of a non-registered trademark or of another sign used in the course of trade, the trademark applied for shall not be registered provided that;

- a) the rights to the sign were acquired prior to the date of filing for registration of the trademark, or the date of priority claimed for the application for registration,
- b) the sign confers on its proprietor the right to prohibit the use of a subsequent trademark.”

4.3.2 Registration

The general rule is to register a trademark in order to gain rights related to that trademark. The Council Regulation accepts the registration procedure in article 45 of the Regulation with having some exceptions to the registration rule.

Applications for registration of a trademark are to be filed with the competent government authority, which in most countries is the same as the authority competent for processing patent applications. In Turkey applicants should apply to Turkish Patent Institute.

Usually the countries provide an application form. The Trade Mark Law Treaty contains in Article 3, an exhaustive list of information, which Trade Mark Offices of Contracting Parties may require for a trade mark registration. The sign must appear in the application form or annex to it. The applicant also should list the goods for which the sign is to be registered.

4.4. Criteria of Protectability

Trademarks may be examined for absolute, objective grounds for refusals, that is, whether they are sufficiently distinctive, not deceptive, not immoral etc. Trade marks may also be examined for relative grounds, that is, whether the rights

applied for are identical or similar to prior rights that have been applied for or granted for identical or similar goods. Such examination may either be made ex officio and/or on the basis of opposition procedure.

4.4.1. Absolute Grounds for Refusal or Invalidity

1) The followings shall not be registered or if registered shall be declared invalid

a- Signs which can not constitute a trade mark

Signs which can not be graphically represented or signs which are not capable of distinguishing the goods of the applicant from others can not constitute a trademark.

b- Trade marks which are devoid of any distinctive character

A trade or service mark shall not be registered with the local authority of a Member State if it lacks the character of being distinctive. A sign can have a distinctive character either per se or because of the reputation of the mark which it enjoys in the public.⁷⁸ A sign might be inherently non-distinctive but may acquire distinctiveness through the use.

c- Trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service or other characteristics of the goods.

⁷⁸Case C-425/98, *Marca Mode CV v. Adidas AG, Adidas Benelux BV*, [2000] ECR I-04861.

It should be tested whether consumers are likely to regard a sign as a reference to the origin of the product (distinctive character) or whether they will look on it as a reference to the characteristics of good or their geographical origin. For example the usage of "Less" trade mark on a drug prospectus may make the consumer think that it will ease his pain, so it designates the quality and can not be registered as a trade mark.

d- trade marks which consist exclusively of signs or indications which have become customary in the current language or in bona fide and established practices of trade. (Art. 7 of EC/40/94 and Art. 6^{quinquies} B.(2) of Paris Convention)

In *Alcon v. OHIM*⁷⁹ the mark "BSS" was registered for a special group of pharmaceutical products, like as the sterile solutions for ophthalmic surgery. In several medical and pharmaceutical dictionaries the term "BSS" is used for various kinds of sterile solutions for ophthalmic surgery. The term "BSS" has become customary in the current language and there for the registration of the mark was declared as invalid.

e- Three-dimensional signs can be registered as trade marks except; signs consist exclusively of; (Art 3 89/104/EEC and Art 7 of EC 40/94)

- the shape which results from the nature of the goods themselves

In the *Philips v. Remington case*⁸⁰ the claimant registered a trade mark which has an image of three rotating shaver heads shaped in an equilateral triangle, later on the claimant sued the defended for infringement of his rights by selling a similar shaped shaver. It turned out that the shape of the three-headed shaver was attributed solely to the technical result.

- the shape of goods which is necessary to obtain a technical result.

⁷⁹ Case T-237/01, *Alcon v OHIM*, [2003] ECR II-411.

⁸⁰ Case C-299/99, *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd*, [2002] ECR I-5475.

In the Philips decision the Court held that, “the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.” The Court continued;

“Where the essential functional characteristics of the shape of a product are attributable solely to the technical result, Article 3(1)(e), second indent precludes registration of a sign consisting of that shape, even if that technical result can be achieved by other shapes.”⁸¹

- the shape which gives substantial value to the goods.

The third intent of the article is difficult to assess, since the ornamental features of the shape that give value to the goods are very often to be those the consumer will tend to recognize as an indicator of origin.⁸² Uma Suthersanen thinks it is difficult to relate this provision with any other property right such as design rights, since the provision excludes shapes which give “substantial value” to the goods, and criticize the provision because the phrase “substantial value” can not be identified with any criteria under the current EU design law.⁸³ If a sign consists exclusively of a shape that gives value to the goods than that sign can not be granted trademark protection.⁸⁴

In the Philips decision the ECJ held that the rationale of all these three grounds for refusal of three dimensional signs is to prevent trademark protection from granting its proprietor a monopoly on technical solutions or functional

⁸¹ para. 83 of the judgement.

⁸² Troussel, Jean –Christophe & Van den Broecke, Pieter . “Is European Community Trademark Law Getting in Good Shape?”, *The Trademark Reporter*, Vol.93, No.4, July-August 2003, p.1074.

⁸³ Suthersanen, Uma. “The European Court of Justice in Philips v, Regmington- Trademarks and Market Freedom”, cited at westlaw.com., I.P.Q. 2003, 3, 257-283.

⁸⁴Troussel, Jean –Christophe & Van den Broecke, Pieter. “Is European Community Trademark Law Getting in Good Shape?”, *The Trademark Reporter*, Vol.93, No.4 , July-August 2003, p.1074.

characteristics of a product which a user is likely to seek in the products of competitors.⁸⁵

f- Trade marks which are contrary to public policy or to accepted principles of morality; (Art. 3(f) 89/104/EEC and 6^{quinquies} B.(3) of Paris Convention)

Because of the diverse cultural background of the Member States of the Community attitudes to this matter may vary from country to country and because of the evolution of society the public morality may change in time.⁸⁶

g- Trade marks which are of such nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service; (Art. 3(g) 89/104/EEC).

Trademarks that have a descriptive meaning may be deceptive. It should be tested whether a trademark is distinctive and not deceptive. In some cases the consumer will be deceived if the reference to the geographical origin has the wrong connotation for him.

h- Trade marks which have not been authorized by the competent authorities and are to be refused or invalidated pursuant to Article 6 ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred as the 'Paris Convention'.

The Directive recognizes the obligations of Member States under the Paris Convention. A country generally protects its national flag, its official name and the names of official institutions. According to Paris Convention, state emblems, official hallmarks and emblems of intergovernmental organizations can not be

⁸⁵ Troussel, Jean –Christophe & Van den Broecke, Pieter. "Is European Community Trademark Law Getting in Good Shape?", *The Trademark Reporter*, Vol.93, No.4, July-August 2003, p.1073.

⁸⁶ Prime, Terence (2000). European Intellectual Property Law, Great Britain, p.92.

registered as trademarks. The Directive refers to the respective provision of Article 6^{ter} of the Paris Convention.

2) Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

- a-** the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Community;
- b-** the trade mark covers a sign of high symbolic value, in particular a religious symbol; e.g. 'the picture of Madonna'
- c-** the trade mark includes badges, emblems and escutcheons other than those covered by Article 6^{ter} of the Paris Convention and which are of Public interest, unless the consent of the appropriate authorities to its registration has been given in conformity with the legislation of the Member State;

The signs which are not included in Paris Convention, but which are closely related to historical and cultural values such as badges, emblems and escutcheon shall not be registered as trade marks if Member States provide so. e.g. 'the profile of Ataturk'

- d-** the application for registration of the trade mark was made in bad faith by the applicant.

"A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration." (Art. 3 (3) of the 89/104/EEC)

The distinctiveness of a sign is not an absolute and unchangeable factor. Depending on the steps taken by the user of the sign or third parties, it can be acquired or increased or even lost.⁸⁷

In *Windsurfing Chiemsee* case the producer of sportswear used the name Chiemsee, a famous lake in Germany. The ECJ was asked whether Article 3(1)(c) depends on whether there is a real current or serious need to leave the sign or indication free. The word Chiemsee served as a descriptive geographical indication and therefore could not be registered.⁸⁸ ECJ held that Article 3 (3) provide an exception to the general rule to refuse registration for descriptive marks and permits registration where a sign, through use, acquired a distinctive character which it initially lacked. It is therefore through the use made of it that the sign acquires the distinctive character, which is a prerequisite for its registration.⁸⁹

In the *Baby-Dry case*⁹⁰, ECJ dealt with the distinctiveness of a trademark according to the European Community Trademark Regulation. Article 7 of the Regulation is about the absolute grounds of refusal. The Court of First Instance's finding as that BABY-DRY was insufficiently distinctive under the provision of the Community Trade Mark Regulation equivalent to Article 3(1)(c) for diapers to be registered as Community trademark.

ECJ held that,

"... as regards trademarks composed of words, descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the

⁸⁷ WIPO Intellectual Handbook (2001), Geneva, p.70.

⁸⁸ Joint Cases C-108/97, C-109/97, *Windsurfing Chiemsee v. Walter Huber and Franz Attenberger*, [1999] ECR I-2779.

⁸⁹ Grubhofer, Gregor (2003). "Protection of Trademarks in the EC", European Community Institute, Master Thesis, p.56.

⁹⁰ Case T-163/98, *Procter & Gamble Company v. OHIM*, [1999] ECR II-2383.

combination of words submitted for registration and the terms used in the common parlance of the relevant class of persons to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trademark.”

Even though the BABY-DRY can be used in daily speech, ECJ found the noun and the adjective syntactically unusual and allowed the appeal.⁹¹

4.4.2. Relative Grounds For Refusal or Invalidity Concerning Conflicts with Earlier Rights

Further grounds for refusal or invalidity concerning conflicts with earlier rights are stated in Article 4 of the 89/104/EEC of the Council Directive.

- 1-** A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
 - a.** if it is identical with an earlier trade mark, and the goods or services for which the trademark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;
 - b.** if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

A mark shall not be registered if it is identical with a mark, which is already registered by another proprietor in respect of the same class of goods or services.

⁹¹ Hidaka, Seiko & Tatchell, Nicola & Daniels, Mark & Trimmer Bonita & Adam Cooke. “A Sign of the Times? A review of Key Trademark Decisions of the European Court of Justice and Their Impact Upon National Trademark Jurisprudence in the EU”, *The Trademark Reporter*, Vol.94, No.5, September-October 2004, p.1112.

Nor will the second mark be registered if it so nearly resembles the first mark as to be likely to deceive or cause confusion.

“Likelihood of confusion depends very much on how much the goods and services in question are similar and the intensity of distinctiveness of the earlier trademark. The most important point is that the consumers do not compare trademarks side by side. Consumers mistakes the products offered under the infringing mark for the genuine that he actually wants to buy. In this context it must be taken into account that the average consumer also has an average memory and that it must be sufficient for him to doubt whether the trademark with which he is confronted is the one he knows.”⁹²

In *Marca v. Adidas* it was not clear whether similar products of Marca bearing two stripes could cause likelihood of confusion with Adidas product bearing three stripes. The ECJ held that it is not enough to presume likelihood of confusion but it must be proven to be so.⁹³ ECJ held that,

“Article 5 (2) of the Directive establishes, for the benefit of well-known trademarks, a form of protection whose implementation does not require the existence of likelihood of confusion. The provision applies to situations in which the specific condition of protection consists of a use of the sign in question without due cause which takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.”

Where the earlier mark is not especially well known to the public and consists of an image with little imaginative content, the mere fact that the two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion⁹⁴.

In the Canon Kabushiki case Court held that;

⁹² WIPO Intellectual Handbook (2001). Geneva, p.70.

⁹³ Case C-425/98, *Marca Mode CV v. Adidas AG, Adidas Benelux BV*, Judgement of June 22, 2000.

⁹⁴ Case C-251/95, *SABEL BV v. Puma AG, Rudolf Dassler Suport*, [1997] ECR I-6191.

There may be a likelihood of confusion... even where the public perception is that the goods or services have different places of production. By contrast, there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings.⁹⁵

2- 'Earlier Trademarks' within the meaning of paragraph 1 means:

- a.** Trademarks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trademark, taking account, where appropriate, of the priorities claimed in respect of those trademarks;
 - i.** Community trademarks
 - ii.** Trademarks registered in the Member State or in the case of Belgium, Luxembourg or the Netherlands at the Benelux Trade Mark Office
 - iii.** Trade marks registered under international arrangements which have effect in Member State

An earlier trademark is any trademark with a date of application for registration which is earlier than the date of application for the registration of the trademark. This includes Community Trademark or trademarks registered in the Member States. It is to be mentioned again that Article 4 of the Paris Convention provides the right of priority for 6 months upon registration in the state of origin for the application in another Member State. Article 4 of the Madrid Agreement for the International Registration of Trademark grants the benefit of 6 month priority. All Member States of EC are signatories of both of the agreements.

- b.** Community trade marks which validly claim seniority, in accordance with the Regulation on the Community trade mark, from a trade mark referred to in (a) (ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;

⁹⁵ Case C- 39/97, Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc., [1998] ECR I-05507.

c. Applications for the trade marks referred to in (a) and (b), subject to their registration;

d. Trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words 'well known' are used in Article 6 bis of the Paris Convention

3- A trademark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with or similar to, an earlier Community trademark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trademark is registered, where the earlier Community trademark has a reputation in the Community and where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trademark (Art. 4 (3) 89/104/EEC)

The trademark is identical or similar with an earlier Community Trade Mark and the goods or services in question are not similar. But the use of the latter trademark could take unfair advantage of or be detrimental to be distinctive character or the repute of the earlier Community Trade Mark.

The same issue is repeated for the national marks in article 4(4)(a) of the directive 89/104/EEC.

Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that :

(a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is

registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;

The mark is identical or similar with the national trademark and the goods or services in question are not similar but the use of the later trademark could take unfair advantage of or to be detrimental to the distinctive character or the repute of the earlier trademark.

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

Non-registered trademark or another sign used in the course of trade will acquire a prior right and this right will confer on its proprietor the right to prohibit the use of a subsequent trademark.

(c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraphs 2 and 4 (b) and in particular :

(i) a right to a name;

(ii) a right of personal portrayal;

(iii) a copyright;

(iv) an industrial property right;

(d) the trade mark is identical with, or similar to, an earlier collective trade mark conferring a right which expired within a period of a maximum of three years preceding application;

(e) the trade mark is identical with, or similar to, an earlier guarantee or certification mark conferring a right which expired within a period preceding application the length of which is fixed by the Member State;

(f) the trade mark is identical with, or similar to, an earlier trade mark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a period of a maximum of two years preceding application, unless the proprietor of the earlier trade mark gave his agreement for the registration of the later mark or did not use his trade mark;

If the proprietor of a trademark does not renew the registration of his trademark after the right expires, within a period of two years this trademark cannot be registered by the third parties, if the earlier trademark owner has been using this mark within two years and if he has not given an agreement for the registration of later mark.

(g) the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

5. The Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.

If the proprietor of the earlier trademark gives consent to the later trademark the trademark need not to be declared invalid.

6. Any Member State may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the

date on which the provisions necessary to comply with this Directive enter into force, shall apply to trade marks for which application has been made prior to that date.

4.5 Rights Conferred by a Trademark

The protection of a trademark is guaranteed by Article 5 of the Directive 89/104/EEC. According to article 5 of the Directive 89/104/EEC

Rights conferred by a trade mark,

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

Article 5(1) gives the proprietor the right to prevent all third parties from using his trademark in the course of a trade. The same issue is repeated in TRIPS Agreement.

The owner of a registered trademark must be granted the exclusive right to prevent all third parties not having the owner's consent from using the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would

result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion must be presumed. (Art. 16/1 TRIPs Agreement)

The registered owner has the exclusive right to use the trademark. The registered owner may exclude others from using his trademark when such use would cause a "likelihood of confusion".

The ways of using the trademark are to affix it on the good, packaging, labels etc., to introduce the good to the market under the trademark, to use this trademark in advertising, on business papers, documents etc. or to use it any other way in relation to the goods for which it is registered.

The second right of the registered owner of a trademark is to be able to object to any use of his trademark by a third party. As stated before the trademark's main function is to distinguish the goods of its owner from those of others that he must be able to object to the use of confusingly similar or identical trademarks in order to prevent consumers and public in general from being misled.

Similarity of trademarks means a trademark is confusingly similar to a prior mark of it is used for similar goods and so closely resembles the prior mark that there is a likelihood of consumers being misled as to the origin of the good. If the consumer is confused, the distinguishing role of trademark is not functioning, and the consumer may fail to buy the product he wants.

The actual confusion is not necessary, 'likelihood of confusion of the consumer' is enough. The first impression that he gains must be deceptive. Long words with common or similar beginnings are more likely to be confused than short words with different initial letters. The similarity in pronunciation may lead to the confusion or the usage of a device may lead to a confusion.

Confusion in the market place can only arise from actual use in similar goods. To prevent confusion in trademark protection system allow the trademark owner to object to an application for registration of a trademark which is based on mere intention to use the mark.

In case *Arsenal Football Club v Reed*⁹⁶, the claimant football club brought an action against the defendant for infringement of its trademarks. Matthew Reed sold items which includes the scarves bearing the signs that are registered by Arsenal at his stall nearby the club's stadium. However Mr. Reed made efforts such as putting a notice on his stall that states the goods were not official Arsenal merchandise. The UK judge raised questions referring to ECJ, whether Art. 5(1) (a) of Directive 89/104/EEC entitled a trademark proprietor to prohibit any use by a third party in the course of a trade of a sign identical to the mark, or only a use which indicated a connection between the goods and the proprietor. ECJ stated that the essential function of a trademark was to guarantee that all goods or services bearing it had been manufactured or supplied under the control of a single undertaking which was responsible for their quality. For that guarantee of origin to be ensured, the proprietor had to be protected against the taking by competitors of unfair advantage of the reputation of a mark.

Article 5(2) of the Directive 89/104/EEC states that;

"Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark".

⁹⁶ Case C-206/01, *Arsenal Football Club plc v. Matthew Reed*, [2002] ECR I-10273.

For example, 'ARCELIK' is a trademark of KOC AS, and let's assume that somebody else used the same trademark for poor quality computers. Here it is likely that consumers and public will be confused and think that those computers were produced by KOC A.S. and it will be a bad reputation for that famous company. So KOC A.S. may declare that this trademark is invalid.

Article 5(3) of the Directive 89/104/EEC states that,

"The following, inter alia, may be prohibited under paragraphs 1 and 2:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- (c) importing or exporting the goods under the sign;
- (d) using the sign on business papers and in advertising."

The third parties may use the trademark unfairly. If a third party uses the sign on the goods or packages the proprietor of the trademark can prohibit that. Also offering the good to the market can also be prohibited. Here the third party should offer the sale of the goods to others. If a mark does not even exist on the goods or packagings, the trademark owner may prohibit the usage of it. To import or export of the goods by the third party can also be prohibited. A successful infringement action leads to prohibition of the use of the confusingly similar marks. If the infringing mark is registered, cancellation of the registration is ordered. The trademark owner can also ask for compensation for damages.

4.6. Limitation of Effects of a Trademark

Article 6 (1) of the Directive states that,

“The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

(a) his own name or address;

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;”

provided he uses them in accordance with honest practices in industrial or commercial matters.”

The owner’s right to prevent third parties from using his mark can be restricted by the legitimate interest of others.

In Article 5 of the Directive 89/104/EEC, the rights of the trademark owner is analysed. But in Article 6 it is stated that under certain circumstances, the trademark owner can not prohibit the usage of his trademark by the third parties. The only requirement the article sets is the honest practices in industrial and commercial matters.

Lets think that a man whose last name is Koc wants to use his last name in his trade name. The KOÇ company can not prohibit this man from using the registered trademark in his tradename.⁹⁷

⁹⁷ Taylan, Esin Çamlıbel (2001). Marka Hakkının Kullanımıyla Paralel İthalatın Önlenmesi, Ankara, p. 61.

If a third party uses a registered trademark in order to describe the character of his products, whereby the buyer is informed or knows about the fact that the sold product itself does not originate from the trademark owner, the proprietor of the trademark can not object such use. For example if a photograph film manufacturer puts the trademark of 'FUJI' on the packaging of the film to emphasize that this film can be used with FUJI as well, the trademark owner of FUJI can not prohibit that use.

In the BMW v Deenik Case⁹⁸, Mr. Deenik who was not an authorized BMW dealer, was the owner of a garage, residing in Almere (Netherlands). BMW applied to the Court concerning Mr. Deenik's advertisements for the sale of second-hand BMW cars and repairs and maintenance of BMW cars.

The question essentially referred to the ECJ was whether it was allowed, under Arts 5 to 7 of the Trade Mark Directive, to use the trade mark in order to inform the public that another undertaking carries out or is specialised in repairs and maintenance of goods covered by the trade mark. The Court concluded that Arts 5 to 7 of the Directive do not entitle the trade mark proprietor to prohibit a third party from using the mark for the purpose of informing the public that he carries out or is specialised in the sale or the repair and maintenance of such goods. As regards to sale of second-hand cars, the decisions were based on Art. 7 (2) of the Directive, while the right to advertise a specialty in repairs and maintenance was based on Art. 6 (1) (c).

However, the Court continued in stating that the trade mark may not be used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings. If so, that may constitute legitimate reason within the meaning of Art 7 (2) of the

⁹⁸ Case C-63/97 BMW v. Ronald Karel Deenik Deenik, [1999] ECR I-0905.

Directive. The Court held that such advertising is not essential to the further commercialization of goods put on the market and that it affects the value of the trade mark by taking unfair advantage of its distinctive character.

V. FREE MOVEMENT OF GOODS

Article 2 of the EC Treaty states the task of the Community. In order to achieve the aims of the Community, progressive approximation of the economic policies of the Member States and the establishment of a common market have to be assured.

There are two kinds of integration for the establishment of common market

- a) Positive integration relates to co-ordination, common policy making, approximation of laws of the Member States,
- b) Negative integration is integration through legally enforceable prohibitions on certain types of conduct of undertakings, authorities or States at variance with requirements of a common market.

There is a connection between positive and negative integration: as long as no positive integration has taken place in a specific field, Member States enjoy discretion to regulate the field concerned in the way they consider appropriate. But this freedom is restricted by negative integration for example especially with the EC provisions concerning the four main freedoms; free movement of goods, services, persons and capital and the rules on competition.

Article 23 (1) is the foundational provision of the free movement of goods in the EC Treaty.

The Community shall be based upon a customs union which shall cover all trade in goods and which shall involve the prohibition between Member States of customs duties on imports and exports and of all charges having equivalent effect, and the adoption of a common customs tariff in their relations with third countries.

The free circulation of goods (Articles 25 and 28-31 of the EC Treaty) encompasses;

- Prohibition of all tariff barriers at the border: a prohibition of customs duties on exports and imports and of any charges having equivalent effect to customs duty (Art. 25 of the EC Treaty)
- Prohibition of non-tariff barriers at the border. Prohibition of all quantitative restrictions on imports and exports and of all measures having an equivalent effect to quantitative restrictions (Art. 28-31 of the EC Treaty)

Goods or products originating in the EU customs area may be circulated freely around the area without customs duties or similar charges payable when they are moved from one country to another.

The EC Treaty makes no attempt to define 'goods'. In *Commission v. Italy*⁹⁹ ECJ held that;

"... by goods, within the meaning of Article 9 of the EEC Treaty, there must be understood products which can be valued in money and which are capable, as such, of forming the subject of commercial transactions."

5.1. Prohibition of Customs Duties

The first prohibition forbids any unilateral pecuniary charge whatsoever on the cross-border movement of goods (Article 25 of EC Treaty). It is irrelevant whether the charge is designed to protect domestic production. The only thing that counts is whether there is, in fact or potentially, a restrictive effect on intra-Community trade, however small.

⁹⁹ Case 7-68, *Commission v. Italy* [1968] ECR 423.

The Articles 12, 13 and 16 of the EEC Treaty held legal provisions relating to Customs Union. Article 12 prohibits Member States from introducing new duties or increasing the existing ones on imports and exports. The obligation is unequivocal and allows for no exceptions.¹⁰⁰

In its early case law the Court made it clear that the old Article 12 would depend upon the effect of the duty or charge, and not on its purpose. There is no doubt that this approach will be equally applicable to Article 25.

In the *Italian Art Case*¹⁰¹, Italy imposed a tax on the export of artistic, historical and archaeological items. Italy argued that the purpose of the tax in question was not to raise revenue, but to protect the artistic heritage of the Country. The Court rejected Italy's argument, stating that;

".... under Article 23 (ex Article 9), the Community is based on a customs union which shall cover all trade in goods. Goods mean products which can be valued in money and are capable of forming the subject to commercial transactions. The articles covered by the Italian Law can also be valued in money and be subject to commercial transactions. On the other hand the tax in dispute constitutes a tax having an effect equivalent to a customs duty on exports and therefore the tax should have been abolished under ex Article 16."

5.1.1 Prohibition of Any Charges Having an Equivalent Effect to a Customs Duty.

The founders of EEC were astute enough to realise that a simple prohibition of customs duties was not enough to create a genuine customs union, a state could easily impose 'administrative' charges at the border¹⁰².

¹⁰⁰ Horner, Simon Horner (1987). Parallel Imports, Great Britain, p.121.

¹⁰¹ Case 7-68, Commission v. Italy [1968] ECR 423.

¹⁰² Horner, Simon (1987). Parallel Imports, Great Britain, p.122,123.

Article 25 prohibits not only customs duties but also charges having equivalent effect to a customs duty. The Treaty does not define these charges, it simply prohibits their imposition.

The European Court of Justice interpreted the 'charges having an equivalent effect to a customs duty' broadly in the Case *Commission v. Italy*¹⁰³. In this case Italy imposed a levy on goods which were exported to other Member States with the ostensible purpose of collecting statistical material for use in discerning trade patterns. The Court reiterated its holding that customs duties were prohibited irrespective of the purpose for which the duties were imposed, and irrespective of the destination of revenues which were collected. In this case ECJ held that;

".. any pecuniary charge, however small... which is imposed unilaterally on domestic or foreign goods by reason that they cross a frontier and which is not a customs duty in strict sens, constitutes a charge having equivalent effect."

Also in *Diamantarbeiders case*¹⁰⁴, the Court considered the legality of a Belgian law requiring 0.33 percent of the value of imported diamonds to be paid into a social fund of workers in the industry. The ECJ reproduced the broad definition of charges having equivalent effect and considered this charge constituted a charge having equivalent effect. The fact that the purpose of the fund was neither to raise money for the exchequer nor to protect domestic industry. The charge was imposed on goods by reason of the fact that they crossed a border sufficed to bring within Article 25.

Where the Community legislation permits an inspection to be undertaken by a state, the national authorities cannot recover any fees charged from the traders. The Court has accepted that a charge imposed by a state will escape the

¹⁰³ Case 24-68, *Commission v. Italy* [1969] ECR 193.

¹⁰⁴ Case C-2 and 3/69, *Sociaal Fonds voor de Diamantarbeiders v. SA Ch. Brachfeld & Sons*, [1969] ECR 211.

prohibition contained in Articles 23-25 (ex 9-12), when it is levied to cover the cost of a mandatory inspection required by the Common law.

In the *Commission v. Netherlands*¹⁰⁵ case a fee was charged for phyto-sanitary inspection on the export of plants where the Commission claimed these charges to be incompatible with Community law. The Court observed that the fees were imposed in compliance with the International Plant Protection Convention 1951 to which the Member States were the parties and that the purpose of the Convention was to encourage free import of plants into the country of destination by carrying out inspections in the country of origin of the plants concerned.

5.1.2. Prohibition of Quantitative Restrictions and All Measures Having an Equivalent Effect.

Article 28 is the central provision within this chapter of the Treaty, which states that;

“Quantitative restrictions on imports and all measures having an equivalent effect shall be prohibited between Member States.”

Article 30 contains similar provisions relating to exports;

“ Quantitative restrictions on exports and all measures having an equivalent effect shall be prohibited between Member States.”

Quantitative restrictions were first defined broadly by the ECJ in the *Geddo case*¹⁰⁶ as measures which amount to a total or partial restraint of, according to circumstances, imports, exports or goods in transit.

¹⁰⁵ Case 89-76, *Commission v. Netherlands* [1977] ECR 1355.

¹⁰⁶ Case 2-73, *Riseria Geddo v. Ente Nazionale Risi*, [1973] ECR 865.

Measures having equivalent effect to quantitative restrictions are difficult to define. The Directive 70/50, which was formally applicable during the Community's transitional period, gives some idea about the measures having equivalent effect to quantitative restrictions. Article 2 of the above mentioned Directive lists the matters which can constitute measures having equivalent effect to quantitative restrictions and these are; minimum or maximum prices specified for imported products; lowering the value of the imported product by reducing its value or increasing its costs; payment conditions for imported products which differ from those for domestic products; conditions in respect of packaging, composition, identification, size, weight, etc. which only apply to imported goods or which are different and more difficult to satisfy than in the case of domestic goods.

The seminal judicial decision on the interpretation of measures having equivalent effect to quantitative restrictions is to be found in the famous *Dassonville case*¹⁰⁷.

Belgian law provided that goods bearing a designation of origin could only be imported if they were accompanied by a certificate from the government of the exporting country certifying their right to such a designation. Dassonville imported Scotch whisky into Belgium from France without being in possession of the requisite certificate from the British authorities. ECJ stated that,

".... All trading rules enacted by Member States which are capable of hindering, directly or indirectly, actually or potentially, intra-Community trade are to be considered as measures having an equivalent effect.... In the absence of a Community system guaranteeing for consumers the authenticity of a product's designation of origin, if a Member State takes measures to prevent unfair practices in this connection, it is however subject to condition that these measures should be reasonable and that means of proof required should not act as a hindrance to trade between Member States and should in consequence, be accessible to all Community nationals."

¹⁰⁷ Case 8-74 , Procureur du Roi v. Benoît and Gustave Dassonville, [1974] ECR 837.

In *Keck*¹⁰⁸ case, Keck and Mithouard were prosecuted in the French courts for selling goods at a price which was lower than their actual purchase price, contrary to a French law of 1963 as amended in 1986. Keck and Mithouard claimed that the law was contrary to Community law concerning the free movement of goods and also was contrary to the principles of free competition in the Community. The ECJ stated that, rules concerning selling arrangements by way of contrast simply impose an equal burden on all those seeking to marketed goods in a particular territory and are said not to impose extra costs on the importer.

Rules which relate to the goods themselves in the terms of composition, packaging, presentation and the like fall within Article 28. Rules relating to selling arrangements are not thought to be within the reach of Article 28.

5.2. Justifying Discriminatory Barriers to Trade

Article 30 of the EC Treaty and the “rule of reason” rule, are the two escape points from the prohibition; quantitative restrictions and measures having equivalent effect.

Article 30 of the EC Treaty states that;

“The provisions of Article 28 and 29 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animal or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not; however; constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.”

¹⁰⁸ Case C-267/91 and 286/91, Criminal Proceedings against Bernard Keck and Daniel Mithouard, [1993] ECR I-6097.

As long as the provisions are set out in order to protect certain values of society Article 30 allows Member States to derogate from their obligations in means of free movement of goods.

In the *Centre Leclerc case*¹⁰⁹, French legislation imposed minimum retail prices for fuel fixed primarily on the basis of French ex-refinery prices and French refinery costs. The Court found that this constituted a measure having equivalent effect to quantitative restrictions, since imports could not benefit fully from lower prices in the country of origin. French government sought to justify its action on the basis of public policy within Article 30. The ECJ rejected French government's argument.

In the *Campus Oil*¹¹⁰ case, Irish law required importers of petrol into Ireland to buy 35 percent of their requirements from a state owned oil refinery at prices fixed by the Irish government. This rule was held to constitute measures having equivalent effect on quantitative restrictions. Irish government relied on the public policy and public security in means of Article 30. ECJ held that since there were Community rule providing the necessary protection for oil supplies than usage of Article 30 was not permissible.

In the *Henn and Darby*¹¹¹ case ECJ held that;

"... In principle, it is for each Member State to determine in accordance with its own scale of values and the form selected by its requirements of public morality in its territory."

¹⁰⁹ Case C-231/83, *Cullet v. Centre Leclerc*, [1985] ECR 305.

¹¹⁰ Case C-72/83, *Campus Oil Ltd. v. Minister for Industry and Energy*, [1984] ECR 2727.

¹¹¹ Case 34/79, *Regina v. Maurice Donald Henn and John Frederick Ernest Darby*, [1979] ECR 3795.

5.3. Other Grounds for Validating Discriminatory Measures

The Court applies Article 30 strictly and it does not accept any justifications of an economic nature, but the Court of Justice has developed the so-called “rule of reason” in cases where to justify a measure which is not listed in Article 30, with the *Cassis De Dijon*¹¹² judgement.

Justifications recognized under the rule of reason are called mandatory requirements of public interest. The rule of reason test consists of four steps:

1- Has the protection of the public interest already been harmonized at the EC level? If so than the individual Member States are no longer permitted in principle to impose their own regulation.

2- Does the national restrictive measure distinguish between domestic and imported goods? If so than the measure can not be upheld.

3- Does the legislation of the Member State of the origin, although deviating from the restrictive measure in question, provide equivalent protection of the interest served? If so, than the importing Member state must not impose its own differing and hindering measure.

3- Is the interest served by the restrictive measure a justified public interest, which in abstracto can be more important than a Treaty freedom? The Court has accepted as sufficiently vital public interest of; consumer protection, prevention of unfair competition, effectiveness of fiscal supervision, protection of the environment, improvement of working conditions, protection of public health, product safety, the promotion of culture, the need to maintain integrity of the fiscal regime, the need to prevent abuse of EC law.

¹¹² Case 120/78, *Rewe Zentrale AG v. Bundesmonopolverwaltung für Branntwein*, [1979] ECR 649.

VI. FREE MOVEMENT OF GOODS AND THE EXHAUSTION OF TRADEMARK RIGHTS

The essential function of the European Community is to have a single market, by ensuring the Member States not to impede trade through the use of tariffs, quotas and other restrictions.

In contrary to the efforts for a single market, the essential feature of intellectual property is the exclusive right to control distribution and to prevent or deter potential competitors from producing similar products.¹¹³

If the trademark owner has an exclusive right, than do the Article 28 and 30 of the EC Treaty are contrary to the rights of a trademark owner? If a trademark owner wants to prevent parallel importation from one country to another than will he be in breach of Articles 28 and 30? The answers to these questions will be examined with a closer look to exhaustion of trademark rights and the parallel imports.

6.1. Exhaustion of trademark rights and the parallel imports

The trade marks promotes creativity by rewarding the creator of a trade marked good with legal protections against its product being marketed or sold by unauthorized parties while at the same time it assures the customers of the genuineness of the product.

The "exhaustion principle" implies that the exclusive right does not –except for certain circumstances- confer upon its owner the power to control the resale of a

¹¹³ Güdüm, Sinem (1998). "Intellectual Property Rights in the European Union and the Evolution of Trademarks Together with the "Exhaustion of Rights Principle" In Scope of the Customs Union", Marmara University European Community Institute, Master Thesis, p.56.

protected product, once it has been put on the market by the proprietor of the right or with his consent.¹¹⁴ The right is said to be exhausted by the first sale.

“Exhaustion Principle” prohibits a trademark owner from using its trademark rights as a barrier to other importers desiring to trade in its goods¹¹⁵.

When the buyer of trademarked goods exports them to another country and sells them in competition with the trademark owner, these items are called “gray market goods”¹¹⁶. The parallel imports occur when the goods, which were intended for sale in one national market are exported from their original destination to another country without having consent of the trademark owner¹¹⁷.

The gray market goods are usually cheaper than the goods sold by the trademark owner and causes lost sales of the trademark owner because of the unexpected competition.¹¹⁸ Because of the conflict between the customers and the trademark owners the governments have to decide what kind of trademark exhaustion system they need to adopt in order to balance the conflict of interest.

The exhaustion principle was first established in the area of patents, by the US Supreme Court in 1873. The Court based its decision on the reward theory, once the patent holder gets a reward by putting the protected goods on sale in US, he can no longer interfere with the movement of such goods.¹¹⁹

¹¹⁴ Alexander, Willy. “Exhaustion of Trade Mark Rights in the European Economic Area”, *European Law Review*, February 1999, p.56.

¹¹⁵ See Harrison, Rebecca. “Silhouette vs. Hartlauer: The End of Discounted Designer Labels?”, *Brand Strategy*, July 1998, p.23.

¹¹⁶ Reed, Kimberly. “Levi Strauss v. Tesco and E.U. Trademark Exhaustion: A Proposal For Change”, *Northwestern Journal of International Law & Business*, Volume 23, Number 1, Fall 2002, p.141.

¹¹⁷ Horner, Simon (1987). *Parallel Imports*, Great Britain, p.1.

¹¹⁸ Reed, Kimberly. “Levi Strauss v. Tesco and E.U. Trademark Exhaustion: A Proposal For Change”, *Northwestern Journal of International Law & Business*, Volume 23, Number 1, Fall 2002, p.142.

¹¹⁹ Akkaraca, Melike (1999). “The Protection of Intellectual Property Rights Within the Framework of The Principle of Free Movement of Goods in the European Union”, *Marmara University European Community Institute, Master Thesis*, p.42-43.

All countries have a different level of protection of the trade mark owner when a third party imports a genuine trademarked product into a country and sells it in competition with the trade mark owner.¹²⁰

Today countries use three different systems.

- a- International Exhaustion
- b- National Exhaustion
- c- Regional Exhaustion

6.1.1. International Exhaustion

Under the international exhaustion principle, once a trade mark owner sells a product anywhere in the world, he loses his exclusive right after the first distribution of his product and the new owner is able to re-sell it anywhere else at the lowest price market will bear. The trade mark owner has to allow parallel imports. The international exhaustion regime only searches if the proprietor puts his trademarked goods in the market with his consent or not. As long as there is a consent than the rights exhaust.

International exhaustion regimes are more infavour of the consumers and the free trade than the other regimes. Consumers have equal access to goods, regardless of their origin country. By this way the cheaper the prices the more competition occurs. The international exhaustion regime considers the world as a global market.

Although critics are made against the international exhaustion regime. One of these arguements is about the "national sovereignty". All countries have interest in protecting their domestic trademark owners against the foreigner competitors.

¹²⁰ Reed, Kimberly. "Levi Strauss v. Tesco and E.U. Trademark Exhaustion: A Proposal For Change", *Northwestern Journal of International Law & Business*, Volume 23, Number 1, Fall 2002, p.140.

In national and regional exhaustion regimes trademark owners offer warranties, pre-sale and re-sale services. The consumers would not be able to benefit from these services in the international exhaustion regime.

According to the report prepared for the European Commission by the National Economic Research Associates¹²¹, even though the gray market imports tend to lower prices in short term, the positive effect on pricing disappears because of the factors such as transport costs, legislations, technical standards etc.

Valentine Korah argues that; "The discrimination makes everyone better off: consumers in the low price countries are able to buy the product and they make some contribution to the overhead for the benefit also of those in the high cost countries."¹²²

6.1.2. National Exhaustion

In the national exhaustion principle, the rights of the trade mark exhausts after the first sale of the trade mark owner's protected products within the defined country. In this system the trade mark owner keeps his rights in another country, even if the goods were put in the market by the consent of the trade mark owner. The criteria of defining the market is in the borders of the country. The proprietor of a trade mark can prevent parallel imports from the third countries.

For example the proprietor of a trade mark can prevent parallel imports from country A, to country B which accepts national exhaustion, since according to country B the rights of the proprietor did not exhaust. If the proprietor of a trade mark puts his goods in the market (country B) and then exports these goods to

¹²¹ The Economic Consequences of the Choice of a Regime of Exhaustion in the Area of Trademarks- Final Report for DGXV of the European Commission (1999), at http://europa.eu.int/comm/internal_market/en/indprop/tm/report.pdf.

¹²² Korah, Valentine. "Intellectual Property Law in the Context of Competition Law "Consent" in Relation to Curbs of Parallel Trade in Europe", *Fordham International Law Journal*, Vol.25, No.4, April 2002, p.973.

another country (country A), he can not prevent third parties to paralel import the goods back into country B.

The national exhaustion principle does not seem to support the international trade because of the right of the proprietor to prevent paralel imports. Since the paralel imports are infavor of consumers because of lower prices, the national exhaustion principle does not protect the consumers as well.

6.1.3. Regional Exhaustion

Paralel trading is allowed within a particular group of countries by accepting that region as one territory, in the regional exhaustion regimes. Paralel imports from countries outside the region are banned. The rights of a trade mark proprietor exhausts after putting his trademarked goods in the market in the region.

Regional exhaustion has a paralel understanding as the national exhaustion principle. The rights of the trade mark owner does not exhaust if the trade marked goods were put in the market even with his consent out of that region.¹²³

EU is one of the best examples for the application of regional exhaustion principle.

6.2. Exhaustion of Trade Mark Rights in EU

The Treaty of Rome has settled the European Economic Area in 1957. The main aim was to establish a unified internal market by eliminating the obstacles to free movement of goods, persons, services and capital. Besides eliminating barriers to the trade between Member States, in order to establish a common market

¹²³ Yasaman, Hamdi & Ayoglu, Tolga (2004). Marka Hukuku, Istanbul, p.546.

participant states had to establish rules and regulations that would apply throughout the territory of the participant states.¹²⁴

The nature of the intellectual property rights is based on the territorial protection. The different protection systems of the Member States were a barrier to free movement of goods and the common market.

There is no article that sets the exhaustion of rights principle in Rome Treaty, however the articles referring to Free Movement of Goods (Articles 28-30), and Competition Principles (Articles 81-82) and the article 295 should not be underestimated.

Because there were different variations between Member States IP laws the Community had to adopt several measures.

The First Council Directive 89/109/EEC to Approximate the Laws of the Member States Relating to Trademarks has a main purpose of harmonization of the national trademarks.

Article 7 of the Council Directive 89/104/EEC states that;

“ The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.”

“Article 7 of the Trademark Directive, entitled “Exhaustion of the rights conferred by a trade mark”, provides that once a trademark owner sells (or

¹²⁴ Weatherill, Stephen & Beaumont, Paul (1999). EU Law, England, p.34.

gives another permission to sell) his trademarked good anywhere in the European Union, he may not prevent the re-selling of the good by someone else within the European Union.”¹²⁵

The Council Regulation EC/40/94 established a Community Trademark System and a true Community level of protection of IP rights with its dispute settlement provisions.

Article 13 of the Council Regulation EC/40/94, has a similar wording with the Article 7 of the Regulation, it states that;

“ A Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.”

In the *Consten and Grundig*¹²⁶ case, Consten was the sole French distributor of the Grundig products. Costen was obliged not to export the products to any other country and similar restrictions were imposed on Grundig’s other distributors in other countries. Under another agreement, Consten was permitted to register a trademark GINT, which was applied to all appliances manufactured by Grundig, including the ones sold in Germany. When it was discovered that another French distributor, UNEF, had bought Grundig appliances in Germany and tried to sell them in France, Consten used its trade mark to stop the infringing exports. The ECJ held that the exercise of an intellectual property right could not be used to frustrate the rules of competition law. The ECJ held that using trademark rights in order to prevent parallel imports was a violation of Article 81 EC and referred

¹²⁵ Reed, Kimberly Reed. “Levi Strauss v. Tesco and E.U. Trademark Exhaustion: A Proposal For Change”, *Northwestern Journal of International Law & Business*, Volume 23, Number 1, Fall 2002, p.143.

¹²⁶ Joint Cases 56 and 58/64, *Consten and Grundig v. Commission*, [1996] ECR 299.

exercise of intellectual property rights rather than their existence. According to Anderman;

“The ECJ marked out three legal categories in the interface between EC competition law and IPRs. Existence was the authority of Member States to determine the conditions of IPRs. This was beyond the reach of Articles 85 and 86. The permitted forms of exercise of IPRs, was defined by a combination of powers granted by IPR legislation and the limits imposed by Articles 85 and 86 (and 36). The third category, “prohibited forms of exercise” of IPRs, was defined by the prohibitions in Articles 85 and 86 (and 36)”.¹²⁷

The exhaustion of rights principle was first argued in the *Deutsche Grammophon* case¹²⁸ in this case the applications of the provisions of the Treaty relating to the free movement of goods between Member States, article 30-36, to limit the enforceability of intellectual property rights also was argued. The plaintiff wanted to prevent the defendant from selling, in Germany, goods, obtained from a subsidiary and licensee of the plaintiff in France.

In this case as well as the exhaustion of rights, the existence and exercise of the rights were argued.

ECJ held that if the exercise of the right in question was not contrary to Articles 81 and 82 than it was necessary to consider whether the exercise of this right was compatible with other provisions of the Treaty, especially the articles relating to free movement of goods. The court considered the existence of the right to be unaffected by all Community rules not just the rules about competition.

¹²⁷ Anderman, Steven D. (1998), EC Competition Law and Intellectual Property Rights, New York p.10.

¹²⁸ Case 78/80, *Deutsche Grammophon GmbH v. Metro-SB-Grossmarkte GmbH & Co.KG*, [1971] ECR 487.

The Court pointed out that the Article 36, permits the prohibition or restriction on the movement of goods between Member States justified on grounds of protection of industrial property, while clearing out the limits by providing that the exceptions must not amount neither to arbitrary discrimination or to a disguised restriction on trade between Member States; the restrictions had to be justified for the protection of the rights that formed the "specific object" of the property. The Court held that :

" If a protection right analogous to copyright is used in order to prohibit in one Member State the marketing of goods that have been brought onto the market by the holder of the right or with his consent in the territory of another Member State solely because this marketing has not occurred in the domestic market, such a prohibition maintaining the isolation of the national markets conflicts with the essential aim of the Treaty, the integration of the national markets into uniform market. This aim could not be achieved if by virtue of the various legal systems of the Member States private persons were able to divide the market and cause arbitrary discriminations or disguised restrictions in trade between the Member States."

EU has accepted regional exhaustion of trade mark rights. There are several cases related to the geographical area of the exhaustion of the trade mark rights.

In the *Ideal Standart*¹²⁹ case, American Standart was a manufacturer of heating equipment and sanitary ware, which had international subsidiaries in France and Germany. German subsidiary (Ideal Standard GmbH) owned a trade mark "ideal standard" in Germany and dealt with only the sanitary ware due to the decision given by the American Standart to end its operations on the heating equipments. The French subsidiary (Ideal Stadard SA) registered the Ideal Standard trademark in 1949 for both of the equipments. Because of the American Standard's decision

¹²⁹ Case C-9/93, IHT Internationale Heiztechnik GmbH v Ideal Standard GmbH, [1994] ECR I-2789.

French subsidiary turned over its manufacturing and marketing activities and assigned its trademark in heating equipment to another French company which it had no economic links. The French company assigned the trademark to another entity, Compagnie Internatinoale de Chauffage in Nord Est group.

Compagnie Internationale de Chauffage began to sell its heating equipment under the Ideal Standard trademark in Germany through its German subsidiary, IHT Internationale Heiztechnik GmbH. As a result since German subsidiary of American standard was using the Ideal Standard trademark in its sanitary products, there were two Ideal Standard marks were being used in Germany.

Ideal Standard GmbH brought an action for trademark infringement against IHT Indernationale Heuztechnik GmbH before Germany's local court. The German Court held that IHT had infringed IS GmbH's trademark rights. The IHT appealed to a Higher German Court and the High Court referred questions to ECJ.

ECJ based its decision on exhaustion doctrine and consent. The Court held that because a trademark proprietor's assignment does not afford the proprietor the opportunity to control the goods bearing the assigned mark, it does not constitute consent within the meaning of exhaustion. The Court stated that the national trademark rights are not only territorial but also independent of each other and explained the territoriality as;

"The principle of territoriality means that it is the law of the country where protection of a trademark is sought which determines that protection."¹³⁰

The Court also cited the Article (6) 3 of the Paris Convention, which states that a mark registered in one signatory country is regarded as independent of marks registered in other signatory countries.

¹³⁰ [1994] ECR, at p,1-2844, para.22.

Even though the Article 7 of the Council Directive 89/104/EEC accepts the Community wide exhaustion regime, the Member States which accepts the international exhaustion regime had conflict with the legislation of the Community and question aroused if the Member States were free to choose the international exhaustion.

In the *Silhouette*¹³¹ case, Silhouette International Schmied is an Austrian Company that markets trademark-protected eyeglasses in Europe. Silhouette sold its out of date design frames to Middle East through its sales representative for the Middle East. Silhouette instructed its representative to tell its first buyer that the goods were for sale only in Bulgaria or in the Eastern European countries of the former Soviet Union. Hartlauer Handelsgesellschaft wants to sell Silhouette's out of fashion glasses at a discount rate, but Silhouette refused to sell his products in a discount store, believing that its trademark, which represents the superior quality products, would be harmed. Hartlauer brought Silhouette's frames and offered them for sale through its outlets in Australia. Silhouette filed a case against Hartlauer, arguing that its trademark rights were not exhausted within the Community because it never had consent. Silhouette's argument failed because the Australian law recognized the international exhaustion of trademarks. Silhouette appealed, the ECJ held that, Member States could not act unilaterally and the protection of the Common Market was the first priority. In this case the Court refused to accept international exhaustion basing on the reason that allowing each Member State to decide whether or not to permit the importation of gray market goods would divide the internal market.¹³²

In the *Sebago*¹³³ case, Sebago shoes were sold in the Maxi-GB hypermarkets, which run by GB-unic. The shoes were parallel imported from El Salvador. Sebago claimed that GB-Unic had infringed its trademark rights by marketing the

¹³¹ Case C-355/96, *Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH*, [1998] ECR I-4799.

¹³² Hays, Thomas. "The Silhouette Case: The European Union Moves to the Highest Common Denominator on the Gray Market Goods", *The Trademark Reporter*, Vol. 88, May-June 1998, p.247

¹³³ Case C-173/98, *Sebago Inc. v. Ancienne Maison Dubois et Fils SA*, [1999] ECR I-04103.

shoes in the European Economic Area without its consent. Sebago argued that Article 7 of the Trademark Directive should be laying down the principle of Community wide exhaustion while the GB-Unic claimed that the directive was stating the principle of international exhaustion. If Sebago would exhaust its rights to hinder the free movement of licensed goods only from one EEA country to another by marketing or licensing its protected goods in the European Economic Area, or if it would lose its right to hinder free movement of such goods coming from one country in the world to EEA.

The Court relied on its decision in *Silhouette* case. ECJ considered the preamble of the Trademark Directive. The first recital of the preamble notes that the trademark laws applicable in the Member States contain disparities that may impede the free movement of goods and the freedom to provide services, and that may thereby distort competition within the common market. ECJ held that the directive should be interpreted as to prevent Member States from providing for international exhaustion.

In *Maglite*¹³⁴ decision, the defendant imported Maglite lights directly from the United States into Norway. American producer of the Maglite lights sued the defendant claiming the infringement of its trademark. The Norwegian Trade Mark Act doesn't contain rules about exhaustion but according to EFTA Court it is established in Norwegian law that international exhaustion was accepted for trademarks. The plaintiff claimed that its trademark rights were not exhausted because Article 7 (1) of the Trademark Directive exhaustion is accepted only EEA wide. The EFTA Court held that in the EEA context, Article 7 (1) of the Trademark Directive must be interpreted as leaving it to EFTA states belonging to the EEA (Iceland, Liechtenstein, and Norway) to decide whether they wish to introduce or maintain the principle of international exhaustion of rights with regard to goods originating from outside the EEA. The Court also noted that the principle of international exhaustion is in the interest of free trade and competition and thus in

¹³⁴ Case E-2/97, *Maglite Instrument Inc.v. California Trading Company*.

the interest of consumers.¹³⁵ The Court also based its decision on that unlike EC Treaty the EEA Agreement does not establish a customs union, but a free trade area. According to Article 8 of the EEA the principle of free movement of goods only applies to goods originating in EEA. A product manufactured in a third country and imported into an EFTA State would not be subject to the principle of free movement of goods within the EEA.¹³⁶

Having two different judgments in the Silhouette case and the Maglite case brings the question of if there will be a uniform regime about the exhaustion of trademark rights? Choosing the international exhaustion regime through out the EFTA countries or EEA wide exhaustion does not make a difference, because the products originating from outside the EEA do not benefit anyway from the principle of free movement.¹³⁷

Before the implementation of the Trademark Directive Germany, Austria, Sweden, Finland, Iceland, Liechtenstein, Norway and Benelux countries were applying international exhaustion system, the trademark owner could not exercise his exclusive right in order to stop imports of branded goods marketed by him, by a related company or with their consent anywhere abroad. France and United Kingdom had similar rules. After the Trademark Directive Germany accepted the directive as a mandatory principle.

However United Kingdom had a different approach than Germany in the *Davidoff*¹³⁸ case. Davidoff owned the UK trademarks COOL WATER and DAVIDOFF COOL WATER. A & G Imports imported into the UK a quantity of Davidoff product, which were placed in the market in Singapore. Davidoff brought proceedings against A & G Imports claiming that its trademark rights were infringed. Davidoff claimed that the agreement with the distributor included the

¹³⁵ para. 19 of the judgement.

¹³⁶ para. 24-26 of the judgement.

¹³⁷ Alexander, Willy. "Exhaustion of Trademark Rights in the European Economic Area", European Law Review, V.24 No.1 February 1999, p.62.

¹³⁸ Zino Davidoff SA v. AveG Imports, CH 1998/D/45/7 to see the decision www.open.gov.uk/courts/court/highhome.htm.

requirement that the distributor agreed not to sell any products outside its territory. English Court considered the “consent” in this case. The Court held that the goods are presumed to be sold free of restrictions unless those restrictions were made clear to the buyer at the time of the sale, according to English law. Then continued that Davidoff didn't clearly put any restriction for further sale and movement of the goods.

The English Court had a very different approach in the Davidoff case than the ECJ in *Silhouette*. In the Davidoff case the Court focused on the fundamental principles of the contract law.¹³⁹ English Court accepted the international exhaustion principle. The ECJ's judgment of 20 November 2001¹⁴⁰ was very hard against the retailers and importers, it stated that the defendant importer had a burden of proving that the trademark owner had given its unambiguous consent to the marketing of the goods in the EEA, and that nothing else would suffice¹⁴¹.

6.3. The Limits of the Exhaustion of Trademark Rights

6.3.1. Protection Against the Importation of Similar Products Bearing a Similar Trademark

If a two similar product have a similar trademark than confusion may arise. In the *Terrapin*¹⁴² case, a UK based company; Terrapin Ltd. manufactured prefabricated houses under the trademark 'Terrapin'. In Germany under the trademark 'Terranova', similar products were sold by another company. The Court held that a trademark owner could prevent importation of products that were confusingly

¹³⁹ Hays, Thomas. “An Application of the European Rules on Trademark Exhaustion to Extra-Market Goods”, *The Trademark Reporter*, Vol. 91, No. 3, May-June, 2001, p.707.

¹⁴⁰ Joined Cases, C-414/99, *Zino Davidoff SA v A & G Imports Ltd*, C-415/99, *Levi Strauss & Co v Tesco Stores Ltd.*, C-416/99 *Levi Strauss & Co v Cotscow Wholesale UK Ltd*. [2001] ECR I-8691.

¹⁴¹ Powel, Eddie & Turner, Catrin. “ ‘Fortress Europe’: International Exhaustion of Trademark Rights and the EC”, *International Business Lawyer*, Vol. 30, No.1, January 2002, p. 4.

¹⁴² Case 119-75, *Terrapin v. Terranova*, [1976] ECR 1039.

similar to his under three conditions: 1) there should be no agreement restricting competition between the undertakings, 2) there should be no legal or economic ties between them, 3) their respective rights should arise independently of one another. The Court noted that it was a matter for the national court to decide if there was a similarity or confusion. The decision was reached through proper application of Article 36, the recognized exceptions in cases of exhaustion of rights was seriously considered.¹⁴³

6.3.2. Protection Against the Parallel Importation of Products That Have Been Repackaged after Being Marketed

In *Hoffman-La Roche v. Centrafarm*¹⁴⁴ case, Hoffman La Roche produced the drug "Valium" in Switzerland and the German subsidiary of the firm produced the same drug under license in Germany under the trademark "Valium Roche". German subsidiary sold "Valium" in packets of 20 or 50 tablets which were later packaged, five small packets at a time, in quantities of 100 or 250 tablets to be used in hospitals. Also the British subsidiary of the company produced the same drug, but marketed the product in the United Kingdom, in packages containing 100 or 500 tablets, at a much lower price than Germany. Centrafarm obtained the Valium from United Kingdom and imported it to Germany. Centrafarm repackaged the products complying with the German packing requirements and then affixed the Hoffman-La Roche trademark and the registration number for Valium and added its own name, address and phone number and a statement that it had repackaged the drug. Each package came with an information leaflet signed by Hoffman-La Roche. Hoffman brought an action claiming that Centrafarm infringed its trademark.

¹⁴³ Morcom, Christopher. "Trademarks in the European Community After Cafe Hag II", The Trademark Reporter Vol. 81, No.5, September – October 1991, p.544.

¹⁴⁴ Case 102/77, Hoffman La Roche v. Centrafarm, [1978] ECR 1139.

The German Court asked the European Court of Justice to clarify the legal position. The Court repeated its definition for the specific subject matter of trademarks. It stated that the essential function of a trademark is "to guarantee the identity of the origin of the trademarked product to the consumer or ultimate user, by enabling him without any possibility of confusion to distinguish that product from products which have another origin"¹⁴⁵. The effectiveness of this guarantee depends on the assurance that the consumer should be certain that the product was not to any previous stage of marketing by a third party without the consent of the proprietor of that trademark. The Court held that the right to prevent such interference was a part of the specific subject matter of a trademark.

The Court continued " the proprietor of a trademark is entitled to prevent an importer of a trademarked product, following repackaging of that product, from affixing the trademark to the new packaging without the authorization of the proprietor."¹⁴⁶

The Court also noted that under certain conditions Article 30 could not be used to prevent the free movement of goods and held that it would be illegal if a firm uses trademark rights with the effect of artificially partitioning the market between Member States. The court stated four conditions; 1) The defendant importer must establish that the use of the trademark right will contribute to the artificial partitioning of the common market, 2) show that the repackaging occurred in a manner that will not affect the quality of the product, 3) give the owner of the trademark prior notice of the marketing of the repackaged product, 4) clearly state the repackager's name on the product.

The Court did not specify how to interpret the first condition, it was not clear if the intention to use the trademark to partition the common market had to be proven

¹⁴⁵ para. 7 of the judgement.

¹⁴⁶ para. 8 of the judgement.

or if it was sufficient that reliance on the trademark right would contribute to the partitioning of the common market.¹⁴⁷

In the *Pfizer v. Eurim-Pharm*¹⁴⁸ case, Eurim-Pharm imported the antibiotic Vibramycin into Germany. Pfizer's British subsidiary produced and marketed the product in United Kingdom. Eurim-Pharm repackaged the product but didn't open the internal package, put a transparent window on the external package so that the Vibramycin pfizer on the strip would be visible. Eurim-Pharm also informed Pfizer about its intentions. On the back of the box, the names and the addresses of the manufacturer and the importer were given also a statement; "packaged by the importer" was added.

Court of Justice held that the Eurim-Pharm had satisfied the conditions two, three and four which was stated in the *Hoffman-La Roche v. Centrafarm* case. The specific purpose of the trademark was protected by conditions two, three and four, therefore Eurim-Pharm did not misled the consumer. The consumer would have confident in the product's origin if the three conditions were satisfied. John E. Somorjai¹⁴⁹ agrees with the Court's decision; disallowing the importation because the trademark owner did not intend the partition of the common market would not be the best interest of the consumer and also would not be the best interest of the common market, because of the reduce in the competition and the restriction of trade. Esin Çamlıbel Taylan¹⁵⁰ thinks, even though there is a difference between the *Hoffman-La Roche v. Centrafarm* and the *Pfizer v. Eurim* cases in means of the repackaging, this should not allow the Court to consider the infringement of the trademark right of the trademark owner, because the proprietor's right to put his trademark on the package of the product.

¹⁴⁷ Somorjai, John E.. "The Evolution of a Common Market: Limits Imposed on the Protection of National Intellectual Rights in the European Economic Community", *International Tax & Business Lawyer*, Vol. 9, N.2, Winter 1992, p.442.

¹⁴⁸ Case 1/81, *Pfizer v. Eurim-Pharm GmbH*, [1981] ECR 2913.

¹⁴⁹ Somorjai, John E.. "The Evolution of a Common Market: Limits Imposed on the Protection of National Intellectual Rights in the European Economic Community", *International Tax & Business Lawyer*, Vol. 9, N.2, Winter 1992, p.444.

¹⁵⁰ Taylan, Esin Çamlıbel (2001), *Marka Hakkının Kullanımıyla Paralel İthalatın Önlenmesi*, Ankara, p.129.

On 11th of July 1996, a decision about the question concerning market partitioning, relabelling, over-relabelled and packaged, parallel imported goods, was given by ECJ in the cases *Bristol-Myers Squibb and Others v. Paranova*¹⁵¹, *Eurim-Pharm v. Beiersdorf*¹⁵², *MPA Pharma v. Rhone-Poulenc Pharma*¹⁵³. ECJ was asked whether the provisions of Trade Mark Directive have replaced or merely supplemented the provisions of the Treaty on free movement of goods.

The Court held that the trademark owner's rights must be assessed on the basis of combined provisions of national trademark law and Article 7 of the Directive, interpreted in the light of Article 30 (ex 36) of the Treaty. As for the question concerning Article 7(2) of the Directive, the ECJ held that the Article 7 of the Directive and Article 30 of the Treaty pursue the same result, their aim is to protect the trademark rights and the free movement of goods in the Common Market. For this reason they should be interpreted the same way. The ECJ repeated the four conditions in *Hoffman-La Roche* case, and stated that unless these four conditions are not met, trademark owner may rely on his rights to prevent parallel importation of the products repackaged and relabeled by the importer. Article 7(2) of the Directive should be interpreted in this context.

The Court also stated that a trademark owner's rights to control the use of its mark on packaging could be exhausted when such exhaustion is necessary to ensure the free movement of goods.

In *Centrafarm v. American Home Products*¹⁵⁴ case, American Home Products owned the trademarks "Seresta" and "Serenid D" for particular drugs. The trademark "Serenid D" was used in the United Kingdom and "Seresta" was used in the Netherlands. Centrafarm removed the mark "Serenid D" and repackaged it with the "Seresta" mark without the consent of American Home Products and sold

¹⁵¹ Joined Cases C-427/93, C-429/93 and C-436/93, *Bristol-Myers Squibb and Others v. Paranova*, [1996] ECR I-345.

¹⁵² Joined Cases C-71/94, C-72/94., C-73/94, *Eurim-Pharm v. Beiersdorf AG, Boehringer Ingelheim KG and Farmitalia Carlo Erbe GmbH* [1996] ECR I-3603.

¹⁵³ Joined Cases C-232/94, *MPA Pharma v. Rhone-Poulenc Pharma GmbH*, [1996] ECR I-3671.

¹⁵⁴ Case 3/78, *Centrafarm BV v. American Home Products Corporation*, [1978] ECR 1823.

the repackaged product in Netherlands where American Home Products was already circulating the same marked product.

Centrafarm as plaintiff, claimed that American Home Products could not benefit from Dutch Trademark Law because its use of different marks and different flavors for its products violated Articles 30 through 36. The Court dealt with the question of whether the registration of two trademark for the same product constituted a disguised restriction of trade prohibited by the second sentence of Article 30 (ex 36) and the reaffixation of the trademarks.

The Court held that a manufacturer could use different marks for the same product in different Member States as long as the manufacturer is not engaging in a disguised restriction on parallel trade between Member States. The Court held that the national courts should decide in each particular case whether the trademark owner has followed the practice of using different marks for the same product for the purpose of partitioning the markets. If this was not American Home Products intend than it could prohibit Centrafarm from its practice. In the Hoffman-La Roche case the illegality of effective partitioning of markets were stressed by the Court, but in this case the illegality of attempting to partition the markets was stressed.¹⁵⁵ The Court also stated that the essential function of a trademark is to guarantee consumers the origin of the marked product, allows a trademark proprietor to use national trademark laws to prevent third party from deceiving the consumers by changing the proprietor's trademark.

¹⁵⁵ Fuller, C.W.F. Baden "Economic Issues Relating to Property Rights in Trademarks: Export Bans, Differential Pricing, Restrictions on Resale and Repackaging", *European Law Review*, Vol.6, 1981, p.177.

6.3.3. Protection Against the Parallel Importation of Products That Have Been Relabeled after Being Marketed

In *Loendersloot v. Ballentine*¹⁵⁶ case, the Court examined if the principles applied to relabelling and repackaging of pharmaceutical products could be applied to other products. Ballentine produced alcoholic drinks, particularly whisky and marketed its products all around the world. Loendersloot was a Dutch firm. Ballentine claimed that Loendersloot removed the original labels of Ballentine's products or replaced them with copies. It also claimed that the Ballentine was removing the identification numbers of the products, the English word "pure" and the name of the importer approved by Ballantine and in certain cases replacing that name of another importer. The relabeled bottles were exported to traders in France, England, Japan, Spain and US.

Loenderstloot defended itself claiming that the removal of the word "pure" and the alteration of the name of the importer was necessary to comply with the marketing regulations. It also claimed that Ballentine was using identification numbers to combat parallel trade.

ECJ held that the application of identification numbers is lawful if there is legal obligation or other important objectives under the Community Law, such as the recall of faulty products. However the Court also noted that if the manufacturer applied the identification number in order to control the distribution networks and the combat parallel trade, such practices would be considered under the competition rules.

As for the removal of the word "pure" the Court held that, if the Member State of destination does not allow the usage of the word "pure" than the usage of the world would be an obstacle for the parallel trade and that the trademark owner was not allowed to prevent relabelling.

¹⁵⁶ Case C-349/95, F.Loendersloot Internationale Expeditie v. George Ballantine & Sons Ltd. And Others, [1997] I-6227.

6.3.4. Protection of the Reputation of the Trademark

In *Christian Dior v. Evora*¹⁵⁷, Dior France (Dior SA) was the exclusive owner of luxury cosmetic products such as Fahrenheit, Dune, Posion. Dior Netherlands (Dior BU) was the representative of Dior SA in Netherlands. Evora obtained Dior perfumes by parallel importation and sold them in Netherlands. During Christmas promotion Evora used Dior products in its advertising leaflets. Dior claimed that Evora's action damaged the reputation of its trademark.

The Court considered the Article 5 and Article 7(1) and 7(2) of the Directive. The Court stated that there might be a legitimate reason within the meaning of Article 7(2) if a damage given to the reputation of a trademark.

6.4. The Doctrine of Common Origin

Common origin principle was argued in the *Van Zuylen v. Hag*¹⁵⁸ case (HAG 1). Hag AG registered the trademark "Hag" in Germany, Belgium and Luxembourg for decaffeinated coffee. After the World War II the Belgian subsidiary was seized by the Belgian Government and then sold to Van Zuylen Freres in Luxembourg. The parent firm Hag AG remained in Germany and the Hag trademark became separately owned in Germany and in Luxembourg.

Hag Germany began to import coffee into Luxembourg from Germany. Van Zuylen claimed that Hag Germany was infringing its trademark rights. The ECJ considered the issue depending on Article 28-30 of the Treaty.

The Court repeated its opinion about the specific subject matter.

"The specific object of a trade mark right, in its very essence, is to indicate the origin, the source of the product and thereby to permit the holder to protect the

¹⁵⁷ Case C-337/95 Parfums Christian Dior v. Evora, [1997] ECR I-6013.

¹⁵⁸ Case 192-73, Van Zuylen Freres v. Hag AG, [1974] ECR 731.

economic position which he has acquired by his expenditure of money, his technical efforts and his commercial activity.

It is by this right of putting the goods in circulation at the first stage that the holder can thus lawfully ensure such protection and, inter alia, forbid the trading in products bearing his mark by persons who do not have the right to do so.

The trademark right thus confers on him the power to forbid infringements by third parties."¹⁵⁹

The Court continued;

In so far as it applies an exception to one of the fundamental principles of the Common Market, Article 36 only allows derogations from the free circulation of goods in so far as such derogations are justified by the protection of rights which constitute the specific object of such property.

The exercise of the trademark right is such as to contribute to the partitioning of the markets and thus to affect the free circulation of goods between Member-States, all the more so in that, as opposed to other industrial and commercial property rights, it is not subject to temporal rights.

It could not therefore be accepted that the exclusiveness of the trademark right, which can be the consequence of the territorial limits of the national laws, should be relied on by the holder of a mark with a view to prohibiting trading in one Member State, in goods lawfully produced in another Member State under an identical mark which has the same origin.

The Court stated that the trademark owners may not rely upon territorial limitations of national trademark rights to block imports and stated that Van Zuylen could not use its national trademark rights to block the importation of the identical Hag mark because the two marks came from the same origin.

Christopher Morcom thinks that the ECJ did not give any reason for the conclusions stated above¹⁶⁰. David Bainbridge thinks that this case was not about the exhaustion principle, because German coffee had not been marketed by or with the consent of the owner of the Belgian trademark.¹⁶¹ The Court emphasized the common origin doctrine but did not explain why it is important.

European Court later on disapproved the decision given in the Hag I case with its decision in *SA CNL-Sucal NV v Hag GF AG*¹⁶². In this case the Belgium owner of the trademark "Cafe Hag" sought to sell its product in Germany. The German company wanted to prevent imports of the Cafe Hag relying upon its trademark rights. The parties were not interested with the Hag I decision however the Advocate General recommended the Court to reverse its decision in Hag I. The Advocate General stated that;

"The consumer is not, I think, interested in the genealogy of trademarks; he is interested in knowing who made the goods that he purchases. The function of a trademark is to signify to the consumer that all goods sold under that mark have been produced by, or under the control of the same person and will, in all probability, be of uniform quality."

The Court emphasized the importance of trademark rights and again repeated the definition of specific subject matter of trademarks and the essential function of the trademarks. The Court did not focus on the common origin doctrine but on Hag AG's lack of consent to the splitting of the original trademark.

Van Zuylen was a legally and economically independent entity, it was not a subsidiary of Hag AG. Hag AG never consented to Van Zuylen marketing of the Hag trademark in Germany for this reason the Court stated that the Hag AG did not exhaust its trademark rights. In case of an involuntarily division of a

¹⁶⁰ Morcom, Christopher. "Trademarks in the European Community After Cafe Hag II", *The Trademark Reporter*, Vol. 81, No.5, September – October 1991, p.543.

¹⁶¹ Bainbridge, David I. (1992), *Intellectual Property*, London, p.388.

¹⁶² Case C-10/89, *SAC NL-Sucal NV v. Hag GF AG*. [1990] ECR I-3711.

trademark the Court considers that the proprietor of the trademark would not exhaust the specific subject matter of its national trademark.

VII. EXHAUSTION OF TRADEMARK RIGHTS IN TURKEY

The registration of trademarks were firstly legalized in Turkey, by the Trademark Regulation (Alamet-i Farika Nizamnamesi) in 1871. It was adopted from the French Law and required examination of the trademark before the registry. On March 3, 1965, Law No:551 on the Protection of Trademarks was accepted. In time it was understood that this law was inadequate.¹⁶³ This law didn't permit the third parties the objection right before the registration of a trademark, however they could file a case after the registration. Also Law No 551 didn't allow the registration of service marks.

7.1. Turkey and the Customs Union

The relationship between Turkey and EC has started with the Rome Agreement. In September 12, 1963 Ankara Agreement was signed between the parties. The primary object of the Agreement is a full membership of Turkey. But in order to become a full member, Turkey had to pass through preparatory, transitional and final stages.

The final stage was the establishment of customs union between the parties. Customs Union Decision was adopted on 1 January 1996. The elements of the Customs Union was laid down in Article 10 as; "the prohibition between Member States of the Community and Turkey, of customs duties on imports and exports and of all charges having equivalent effect, quantitative restrictions and all other measures having equivalent effect which are designed to protect national production in a manner contrary to the objective of the Agreement, and the

¹⁶³ Özsunay, Ergun. "551 Sayili Markalar Kanunu Döneminde Markalara Iliskin Bazi Önemli Sorunlar ve Markaların Korunması Hakkında KHK/556 ile Öngörülen Çözüm ve Yenilikler" Gümrük Birliği Bilgilendirme Toplantıları-3, Markalar Hukukunun Avrupa Birliğine Uyumu ve Sorunları Semineri, İstanbul Ticaret Odası, Yayın No.39, İstanbul-1995, s.13.

adoption by Turkey of the Common Customs Tariff of Community in its trade with third countries, and an approximation to the other Community rules on external trade.”

By this decision Turkey agreed to abolish quantitative restrictions and measures having equivalent effect in order to maintain free movement of goods.

7.2. The effects of Customs Union on the Trademark Laws and the Exhaustion of Trademark Rights Principle in Turkey

Before the Customs Union Decision there was no single legislation in Turkish laws about the exhaustion of trademark rights. The conflicts about the parallel trade used to be solved according to the articles related to the unfair competition. The Article 17 of the Law No 551 stated the first sale right of the trademark owner, but did not mention about the exhaustion of trademark rights.

Before the radical changes were made in the field of the intellectual property rights, the Turkish High Court gave only a few decisions about the exhaustion of rights principle. In these decisions the exhaustion principle was accepted by implication.¹⁶⁴

In the Annex 8 of the Customs Union Decision, the mutual responsibilities of the parties in the field of intellectual property rights were stated.

In the year 1994 and 1995, Turkey completed the necessary legislative studies and enacted entirely new set of IP rights. These are,

Decree Law No 544, for the establishment of Turkish Patent Institute, Decree Law No. 551 on Patents and Utility Models, Decree Law No. 554, for Protection of Industrial Designs, Decree Law No.555 for Protection of Geographical Indications, Decree Law No.556 Protection of Trademarks.

¹⁶⁴ Yarg. 11. HD., T. 25.10.1990, E.1990/3562, K.1990/6852, Yarg. 11. HD., T. 01.03.1991, E.1991/171, K.1991/1406, Yarg. 11. HD., T. 17/09/1992, E. 92/1151, K. 92/9030.

Decree Law No.556 Pertaining to the Protection of Trademarks has entered into force on June 27, 1995. This Decree Law brought Turkish law into compliance with the provisions of international agreements, such as Paris Convention and TRIPS¹⁶⁵.

Article 13 of the Decree Law establishes the exhaustion principle. Article 13 of the Decree Law No.556 Pertaining to the Protection of Trademarks states that;

“The acts related with a product containing the registered trademark shall not constitute a breach of the rights of a registered trademark, where such acts have occurred after the product has been put on the market in Turkey by the proprietor or with his consent.

The proprietor have the right, even within the provision of the first paragraph, to oppose further commercialization of the goods, especially where the conditions of the goods is changed or impaired after they have been put on the market.”

The exhaustion principle applies when the products are put on the market in Turkey. Also the article provides exhaustion, when the products are put on the market by the owner or with his consent. The trademark should be registered in Turkey. Because Article 6 of the Decree Law states that;

“Protection for a trademark under this Decree Law is obtained by registration.”

However Taylan thinks that unregistered trademarks should also be subject to exhaustion because the proprietor of an unregistered trademark can protect his trademark according to the articles related to unfair competition, additionally she believes since the unregistered trademark proprietor would not exhaust his trademark rights and would be able to prevent the infringements, it would cause a disadvantage to the proprietor of the registered trademarks¹⁶⁶. Yasaman disagrees with Taylan’s idea, since the unfair competition articles does not give the right to

¹⁶⁵ Keyder, Virginia Brown (1996), Intellectual Property Rights and Customs Union, Istanbul, p.136.

¹⁶⁶ Taylan, Esin Çamlıbel (2001), Marka Hakkının Kullanıyla Paralel İthalatın Önlenmesi, Ankara, p.107.

the proprietor of a trademark to prevent the circulation of the trademarked product, so since there is no right than it is not possible to exhaust a right which does not exist.¹⁶⁷

As for the well known marks which are not registered in Turkey but protected according to the Paris Convention, exhaustion principle could not be applied because the Decree Law gives limited protection to the well known trademarks in means of Paris Convention. Article 7 (i) of the Decree Law states the Absolute Grounds for Refusal for Registry of a Trademark and states that,

“ well known marks according to 6^{bis} of the Paris Convention, use of which are not permitted by their owners”

The proprietor of a well known trademark has right to object to the registration of the trademark by a third party or if its registered has the right to file a case. Other than the objection right the Decree Law does not give any other right (such as the right to prevent circulation) to the proprietor of the well known marks, since there is no right to prevent parallel imports of the well known marks than there is not a possibility of exhaustion of the well known trademark right.

The wording of the article; especially “the acts related with a product..” is not clear. According to Yasaman “the acts related with a product..” should be understood broadly¹⁶⁸ and used parallel to the Trademark Directive 89/104/EEC. Tekinalp thinks that “the acts related with a product...” does not only mean the sales of the product by the third parties but also includes the advertisement of the trademarked product or using the trademarked product on leaflets.¹⁶⁹

Since the Article requires the products to be put in the market in Turkey, it is clear that the Decree law does not accept the international exhaustion principle. From the wording of the article, it is understood that the rights of the trademark owner will not be exhausted if the products are put on the market out of Turkey by the

¹⁶⁷ Yasaman, Hamdi & Ayoglu, Tolga (2004). Marka Hukuku , Istanbul, p.564.

¹⁶⁸ Yasaman, Hamdi & Ayoglu, Tolga (2004). Marka Hukuku, Istanbul, p.557.

¹⁶⁹ Tekinalp, Ünal (2004). Fikri Mülkiyet Hukuku, Istanbul, p.420.

owner or with the consent of the owner. Of course when Turkey becomes a full member of the European Union, she would have to make necessary changes on the law in order to comply with the regional exhaustion principle.

The Turkish High Court¹⁷⁰ agrees that the proprietor of a trademark does not exhaust its trademark rights if the products were not put on the market in Turkey and imported into Turkey from another country. Yasaman thinks that the trademarks of the proprietor does not exhaust even if the products were put on the market in Turkey and parallel imported into Turkey, because of the national exhaustion principle, trademark proprietor should be able to prevent parallel imports.¹⁷¹

Article 9/2 of Annex 8 of the Customs Union Decision states that;

“This decision does not only imply exhaustion of intellectual, industrial and commercial property rights applied in the trade relations between the two parties under this decision.”

According to this article the trademark rights of the proprietor will not exhaust if the products are put on market in EU or vice versa. So it is not possible to have parallel imports from EU to Turkey or from Turkey to EU.

This article has been criticized by the Turkish doctrine. As it was stated above Article 10 of the Ankara Agreement sets out the provisions about abolishing the quantitative restrictions and measures having equivalent effect in order to prevent free movement of goods. One of the main aims of the Customs Union and the Ankara Agreement is to build an economic integration, with this article it is obvious that Turkey can not integrate itself to common market.¹⁷² According to Virginia Brown Keyder, “Turkey is caught in the middle; signatory to a Customs Union with no exhaustion principle and outside the Community for the purposes of

¹⁷⁰ Yarg. 11. HD., T.12.03.1999, E.1998/7996, K.1999/2099, Yarg. 11. HD., T. 14.06.1999, E.1999/3243, K.1999/5170.

¹⁷¹ Yasaman, Hamdi & Ayoglu, Tolga (2004), Marka Hukuku, Istanbul, p.561-562.

¹⁷² Yasaman, Hamdi & Ayoglu, Tolga (2004), Marka Hukuku, Istanbul, p.589-590.

interpretation of the Directives."¹⁷³ According to Taylan Turkey took responsibility as a full member but with this article she can not benefit from the advantages of the full members.¹⁷⁴

¹⁷³ Keyder, Virginia Brown (1996), Intellectual Property Rights and Customs Union, Istanbul, p.207.

¹⁷⁴ Taylan, Esin Çamlıbel (2001), Marka Hakkının Kullanımıyla Paralel İthalatın Önlenmesi, Ankara, p.116.

CONCLUSION

Free trade cannot exist without the acceptance of the principle of free movement of goods. In order to maintain the free trade and the free movement of goods in a global market, custom duties on imports and exports, quantitative restrictions and measures having equivalent effects have to be removed. It has been argued that the trademark rights could be used to partition the market and prevent parallel trade and competition. In the field of intellectual property rights, trademark rights of the proprietor have been effected by the decisions of countries which are in favor of free trade.

European Community has been working on establishing a common market. To reach its goal the Community had to go through a long integration process, setting down the rules for protection of trademarks while maintaining the free movement of goods. For this reason the Community had to adopt new legislation. European Court of Justice tried to harmonize the trademark laws of the Member States as well as establish a balance between protecting and restricting the rights of the trademark proprietor who uses his rights against the free movement of goods principle. In this scope, exhaustion of the trademark rights is one of the principles that was accepted by the Community.

In order to find a place in the global market Turkey had to make the necessary changes in its legislation as well. According to the Ankara Agreement and the Customs Union Decision signed with EC, Turkey had to harmonize its laws with EC legislation. The newly adopted intellectual property laws comply with the European laws. The exhaustion of trademark rights is also accepted by the Decree Law No.556 Pertaining to the Protection of Trademarks. Even though the European Union has accepted a regional exhaustion regime, Turkey made its choice in favor of the national exhaustion.

Article 9/2 of Annex 8 of the Customs Union Decision states that;

“This decision does not only imply exhaustion of intellectual, industrial and commercial property rights applied in the trade relations between the two parties under this decision.”

As long as this article remains unchanged, the intended purposes of the Ankara Agreement and the Customs Union Decision cannot be achieved.

Turkey will have to make the necessary changes and will have to accept the regional exhaustion principle when she becomes a full member. On the other hand regional exhaustion principle does not satisfy the aims of the free trade and is not in favor of the consumers. The regional exhaustion principle is a barrier to free trade, international exhaustion justifies cheaper prices for consumers and increases the competition among sellers. The consumers should be able to have access to the lowest prices in their home market.

REFERENCES

BOOKS

Anderman, Steven D., EC Competition Law and Intellectual Property Rights, Oxford University Press, First Edition, New York 1998

Aslan, Adem, Turk ve AB Hukukunda Fikri Mülkiyet Haklarının Tükenmesi, Beta Basim A.S., 1. Baski, Istanbul 2004.

Bainbrigde, David I Intellectual Property, Pitman Publising, First Edition, London 1992.

Horner, Simon, Parallel Imports, Collins Professional Books, First Edition, Great Britain, 1987.

Keyder, Virginia Brown, Intellectual Property Rights and Customs Union, Intermedia Yayinlari, 1. Baski, Istanbul 1996

McCarthy, J. Thomas. McCarthy on Trademarks and Unfair Competition, Thomsan Business, Fourt Edition, Danvers 2004

Prime, Terence. European Inteectual Property Law, Ashgate Publishing Company, First Edition, England 2000.

Taylan, Esin Çamlıbel, Marka Hakkinin Kullanimiyla Paralel Ithalatin Önlenmesi, Seçkin Yayıncılık San. Tic. A.S., 1.Baski, Ankara 2001.

Tekinalp, Ünal, Fikri Mülkiyet Hukuku, Beta Basim A.S, 3. Baski, Istanbul 2004.

Yasaman, Hamdi, Marka Hukuku, Vedat Kitapçılık Basim Yayim Dagitim Ltd. Sti., 1. Baski, Istanbul 2004.

Weatherill, Stephen & Beaumont, Paul, EU Law, Penguin Books Ltd. Third Edition, England ,1999

WIPO Intellectual Property Handbook, (2001), Trips Agreement

WIPO Intellectual Handbook (2001). Geneva

THESIS

Akkaraca, Melike (1999). The Protection of Intellectual Property Rights Within the Framework of The Principle of Free Movement of Goods in the European Union, Marmara University European Community Institute, Master Thesis

Güdüm, Sinem (1998). Intellectual Property Rights in the European Union and the Evolution of Trademarks together with the "Exhaustion of Rights Principle" in Scope of the Customs Union, Marmara University European Community Institute, Master Thesis

Grubhofer, Gregor Grubhofer (2003). Protection of Trademarks in the EC, Marmara University European Community Institute, Master Thesis

ARTICLES

Alexander, Willy. "Exhaustion of Trade Mark Rights in the European Economic Area", *European Law Review*, February 1999

Einhorn, Talia. "The Impact of the WTO Agreement on TRIPS (Trade Related Aspects of Intellectual Property Rights) on EC Law: A Challenge to Regionalism", *Common Market Law Review* Volume 35, Number 5, 1998, Kluwer Law International

Fuller, C.W.F. Baden. "Economic Issues Relating to Property Rights in Trademarks: Export Bans, Differential Pricing, Restrictions on Resale and Repackaging", *European Law Review*, Volume 6, 1981

Harrison, Rebecca. "Silhouette vs. Hartlauer: The End of Discounted Designer Labels?", *Brand Strategy*, July 24, 1998

Hays, Thomas. "An Application of the European Rules on Trademark Exhaustion to Extra-Market Goods", *The Trademark Reporter*, Vol. 91, No. 3, May-June, 2001

Hays, Thomas. "The Silhouette Case: The European Union Moves to the Highest Common Denominator on the Gray Market Goods", *The Trademark Reporter*, Vol. 88, May-June 1998

Hidaka, Seiko & Tatchell, Nicola & Daniels, Mark & Trimmer & Bonita & Cooke, Adam. "A Sign of the Times? A review of Key Trademark Decisions of the European Court of Justice and Their Impact Upon National Trademark Jurisprudence in the EU", *The Trademark Reporter*, Vol.94, No.5, September-October 2004

Korah, Valentine. "Intellectual Property Law in the Context of Competition Law "Consent" in Relation to Curbs of Parallel Trade in Europe", Fordham International Law Journal, Vol.25, No.4, April 2002

Morcom, Christopher. "Trademarks in the European Community After Cafe Hag II", The Trademark Reporter Vol. 81, No.5, September – October 1991

Özsunay, Ergun. "551 Sayılı Markalar Kanunu Döneminde Markalara İlişkin Bazı Önemli Sorunlar ve Markaların Korunması Hakkında KHK/556 ile Öngörülen Çözüm ve Yenilikler" Gümrük Birliği Bilgilendirme Toplantıları-3, Markalar Hukukunun Avrupa Birliğine Uyumu ve Sorunları Semineri, İstanbul Ticaret Odası, Yayın No.39, İstanbul, 1995

Powell, Eddie & Turner, Catrin. " "Fortress Europe": International Exhaustion of Trademark Rights and the EC", International Business Lawyer, Vol. 30, No.1, January 2002

Reed, Kimberly. "Levi Strauss v. Tesco and E.U. Trademark Exhaustion: A Proposal For Change", Northwestern Journal of International Law & Business, Fall 2002, Volume 23, Number 1, 2002

Somorjai, John E.. "The Evolution of a Common Market: Limits Imposed on the Protection of National Intellectual Rights in the European Economic Community", International Tax & Business Lawyer, Vol. 9, N.2, Winter 1992

Troussel Jean –Christophe & Van den Broecke, Pieter. "Is European Community Trademark Law Getting in Good Shape?", The Trademark Reporter, Vol.93, No.4 July-August 2003

INTERNET RESOURCES

Burrell, Robert. "Making Sense of Trademark Law", cited at www.westlaw.com at I.P.Q.2003, 4, 338-410

Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957) http://www.wipo.int/treaties/en/classification/nice/summary_nice.html (26.06.2006)

Suthersanen, Uma. "The European Court of Justice in Philips v, Remington-Trademarks and Market Freedom", cited at www.westlaw.com. at I.P.Q. 2003, 3, 257-283

Suthersanen, Uma (2006). "Utility Models and Innovation in Developing Countries" Issue Paper No. 13,

<http://www.iprsonline.org/unctadictsd/projectoutputs.htm#casestudies> (15.06.2006)

The Economic Consequences of the Choice of a Regime of Exhaustion in the Area of Trademarks- Final Report for DGXV of the European Commission (1999)

http://europa.eu.int/comm/internal_market/en/indprop/tm/report.pdf

Trips : What are IPRS? What are intellectual property rights?

http://www.wto.org/english/tratop_e/trips_e/intel1_e.htm (21.02.2006)

What is a utility model?

<http://www.ipr.helpdesk.org/controlador/recursos/faqs?seccion=CurepoFAQ&len=en&id>
(25.07.2006)

Zino Davidoff SA v. AveG Imports, CH 1998/D/45/7 to see the decision

www.open.gov.uk/courts/court/highhome.htm (20.05.2005)

CASES

Case T-237/01, Alcon v OHIM, [2003] ECR II-411

Case C-206/01, Arsenal Football Club plc v. Matthew Reed, [2002] ECR I-10273

Joined Cases C-427/93, C-429/93 and C-436/93, Bristol-Myers Squibb and Others v. Paranova, [1996] ECR I-3457

Case C-63/97 BMW v. Ronald Karel Deenik Deenik, [1999] ECR I-0905

Case C-72/83, Campus Oil Ltd. v. Ministry for Industry and Energy, [1984] ECR 2727

Case C- 39/97, Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc. [1998] ECR I-05507

Case 3/78, Centrafarm BV v. American Home Products Corporation, [1978] ECR 1823

Case 7-68, Commission v. Italy [1968] ECR 423

Case 24-68, Commission v. Italy [1969] ECR 193

Case 89-76, Commission v. Netherlands [1977] ECR 1355

Joint Cases 56 and 58/64, Consten and Grundig v. Commission [1996] ECR 299

Case C-267/91 and 268/91, Criminal Proceedings against Bernard Keck and Daniel Mithouard, [1993] ECR I-6097

Case C-231/83, Cullet v. Centre Leclerc [1985] ECR 305

Case 78/80, Deutsche Grammophon GmbH v. Metro-SB-Grossmarkte GmbH & Co.KG, [1971] ECR 487

Joined Cases C-71/94, C-72/94., C-73/94, Eurim-Pharm v. Beiersdorf AG, Boehringer Ingelheim KG and Farmitalia Carlo Erbe GmbH [1996] ECR I-3603

Case 2-73, Riseria Luigi Geddo v Ente Nazionale Risi [1973] ECR 865

Case 102/77, Hoffman La Roche v. Centrafarm, [1978] ECR 1139

Case C-349/95, F.Loendersloot Internationale Expeditie v. George Ballantine & Sons Ltd. And Others, [1997] I-6227

Case C-9/93, IHT Internationale Heiztechnik GmbH v Ideal Standard GmbH, [1994] ECR I-2789

Case C-299/99, Koninklijke Philips Electronics NV v Remington Consumer Products Ltd, [2002] ECR I-5475

Case T-173/00, KWS Saat AG v OHIM, [2002] ECR II-3843

Case C-104/01, Libertal Groep BV v. Benelux – Merkenbureau, [2003] ECR I-3793

Case E-2/97, Maglite Instrument Inc.v. California Trading Company

Case C-425/98, Marca Mode CV v. Adidas AG, Adidas Benelux BV, [2000] ECR I-04861

Case C-337/95 Parfums Christian Dior v. Evora [1997] ECR I-6013

Case 1/81, Pfizer v. Eurim-Pharm GmbH, [1981] ECR 2913

Joined Cases C-232/94, MPA Pharma v. Rhone-Poulenc Pharma GmbH, [1996] ECR I-3671

Case T-163/98, Procter & Gamble Company v. OHIM, [1999] ECR II-2383

Case 8-74, Procureur du Roi v. Benoît and Gustave Dassonville. [1974] ECR 837

Case C-273/00, Ralf Sieckmann v. Deutsches Patent – und Markenamt, [2002] ECR I-11737

Case 34/79, Regina v. Maurice Donald Henn and John Frederick Ernest Darby [1979] ECR 3795

Case 120/78, Rewe Zentrale AG v. Bundesmonopolverwaltung für Branntwein, [1979] ECR 649

Case C-251/95, SABEL BV v. Puma AG, Rudolf Dassler Suport, [1997] ECR I-6191

Case C- 10/89, SA CNL-Sucal NV v. Hag GF AG. [1990] ECR I-3711

Case C-173/98, Sebago Inc. v. Ancienne Maison Dubois et Fils SA, [1999] ECR I-04103

Case C-283/01, Shield Mark BV v. Joost Kist [2004] ECR 00

Case C-355/96, Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH [1998] ECR I-4799

Joined Cases 2 and 3/69, Sociaal Fonds voor de Diamantarbeiders v. SA Ch. Brachfeld & Sons, [1969] ECR 211

Case 119-75, Terrapin v. Terranova, [1976] ECR 1039

Case 192-73, Van Zuylen Freres v. Hag AG [1974] ECR 731

Case T-316/00, Viking-Umwelttechnik v OIHM, [2002] ECR II-3715

Joined Cases C-108/97, C-109/97, Windsurfing Chimsee v. Walter Huber and Franz Attenberger, [1999] ECR I-2779

Joined Cases, C-414/99, Zino Davidoff SA v A & G Imports Ltd, C-415/99, Levi Strauss & Co v Tesco Stores Ltd; C-416/99 Levi Strauss & Co v Cotsco Wholesale UK Ltd. [2001] ECR I-8691

Yarg. 11. HD., T. 25.10.1990, E.1990/3562, K.1990/6852,

Yarg. 11. HD., T. 01.03.1991, E.1991/171, K.1991/1406,

Yarg. 11. HD., T. 17/09/1992, E. 92/1151, K. 92/9030

Yarg. 11. HD., T.12.03.1999, E.1998/7996, K.1999/2099,

Yarg. 11. HD., T. 14.06.1999, E.1999/3243, K.1999/5170

